

PATENT LAW REVISION

HEARINGS
BEFORE THE
SUBCOMMITTEE ON
PATENTS, TRADEMARKS, AND COPYRIGHTS
OF THE
COMMITTEE ON THE JUDICIARY
UNITED STATES SENATE
NINETIETH CONGRESS
FIRST SESSION
Pursuant to S. Res. 37
ON
S. 2, S. 1042, S. 1377, S. 1691

PART 1
MAY 17 AND 18, 1967



Y4,J89/2/PAT/30/PT 1

Printed for the use of the Committee on the Judiciary

U.S. GOVERNMENT PRINTING OFFICE

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WASHINGTON : 1968

NORTHEASTERN UNIVERSITY SCHOOL of LAW LIBRARY

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PATENT LAW REVISION

WEDNESDAY, MAY 17, 1967

U.S. SENATE,
SUBCOMMITTEE ON PATENTS, TRADEMARKS, AND
COPYRIGHTS OF THE COMMITTEE ON THE JUDICIARY,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:05 a.m., in room 3302, New Senate Office Building, Senator John L. McClellan (chairman) presiding.

Present: Senators McClellan and Burdick.

Also present: Thomas C. Brennan, chief counsel, Edd N. Williams, Jr., assistant counsel; Stephen G. Haaser, chief clerk, subcommittee on Patents, Trademarks, and Copyrights.

Senator McCLELLAN. Come to order.

The staff has presented me with a gavel made of wood from a tree on Thomas Jefferson's estate at Monticello. The significance is that Jefferson was the first Secretary of State, and one of the duties of the Secretary of State, then, was to examine patents.

In other words, he performed the services the Commissioner of Patents now performs. Therefore, when this gavel is used in hearings of this subcommittee, it speaks with authority.

The subcommittee is today beginning public hearings on general revision of patent laws. In recent years, the subcommittee has been engaged in a review of the American patent system. Thirty studies were commissioned and published. We obtained by questionnaire the views of industry, economists, inventors, and the patent bar concerning possible changes in patent laws. On the basis of this study, the subcommittee concluded that, while the objectives of the patent system are as valid today as at the time of its inception, there has not been an adequate adjustment of our laws and procedures to meet contemporary conditions. We therefore welcome President Johnson's decision to establish the President's Commission on the Patent System. We are aware that certain of the recommendations of the Commission are highly controversial. As chairman, I have not yet taken any position with respect to the legislation drafted by the administration to implement the Commission's report, although I introduced the administration's bill at its request. It may be that better alternatives exist, but as the subcommittee has indicated in its reports, the revision of the patent laws is long overdue. Therefore, I think there is a responsibility on the part of those who oppose the Commission's recommendations to present to the committee constructive proposals to meet the problems in the patent system.

Four bills are currently included in this series of hearings. We anticipate that additional bills may be introduced later. If so, they,

too, may well receive committee consideration during the course of these hearings.

Two of the bills before us today, S. 1042, the administration's Patent Reform Act of 1967 which, as I have stated, I introduced by request, and S. 1691, sponsored by Senators Dodd and Ribicoff, are measures for the general revision of the patent law. S. 2, introduced by Senator Smith, provides for a single change in the patent law to permit the issuance of patents despite certain disclosures. S. 1377, introduced by Senator Nelson, would clarify the authority of the Commissioner of Patents to establish in various parts of the country public facilities for the searching of patent materials. Senator Long of Missouri has introduced five amendments to S. 1042, Senate amendments 182 through 186. These, likewise, will be considered during these hearings.

We will hold hearings today and tomorrow. Thereafter, we will have to recess until some future date. I anticipate a number of days will be consumed or occupied in hearings on these bills and, insofar as the workload of other senatorial duties will permit, we will expedite hearings. How soon we can conclude and how soon a bill or bills can be reported as a result of these hearings, I cannot predict; but we shall try to move along expeditiously to the end and with the hope that, at least during this Congress, some legislation may be enacted.

We are going to have a number of witnesses; a large number. We appreciate the cooperation already received from interested sources in connection with this legislation, and we invite, as I indicated a while ago, constructive counsel and suggestions in the hope that we can, in this effort to make appropriate and needed revisions in the patent laws, be at least reasonably successful.

Senator Burdick, any comments?

Senator BURDICK. No comment at this time.

Senator McCLELLAN. Very well.

Mr. BRENNAN. Mr. Chairman, I request that we have printed at this point in the record the notice of this hearing which appeared in the Congressional Record of March 2.

Senator McCLELLAN. The notice may be printed in the record.

(The notice referred to follows:)

[From the Congressional Record, Mar. 2, 1967, p. S2954]

NOTICE OF PUBLIC HEARING ON PATENT LAW REVISION

Mr. McCLELLAN. Mr. President, as chairman of the standing Subcommittee on Patents, Trademarks, and Copyrights of the Committee on the Judiciary, I wish to announce that the subcommittee has scheduled public hearings on Patent Law Revision.

These hearings will begin on Wednesday, May 17 and Thursday, May 18, commencing at 10:00 A.M. in Room 3302, New Senate Office Building. The hearings will consider S. 1042, the Administration bill for general revision of the patent laws, and S. 2, to permit the issuance of patents upon inventions after certain disclosures. I understand that other bills for the general revision of the patent laws may be introduced, and if this occurs, they will also be considered.

I was requested to schedule hearings on this subject at an early date. Because of the complexity of patent revision and the need to afford all interested parties a reasonable opportunity to study the proposed legislation at various meetings which have been arranged for late April and May, I believe that the dates announced are the earliest possible dates for an informed consideration of this issue.

Anyone who wishes to testify or file a statement for the record should communicate with the office of the subcommittee, room 349A, Senate Office Building, Washington, D.C. 20510, telephone 225-2268.

The subcommittee consists of the Senator from Michigan (Mr. Hart), the Senator from North Dakota (Mr. Burdick), the Senator from Pennsylvania (Mr. Scott), the Senator from Hawaii (Mr. Fong), and myself.

Mr. BRENNAN. That is to be followed by the text of the four bills enumerated in your statement, as well as Senator Long's amendments.

Senator McCLELLAN. They may be incorporated in the record at this point.

(The bills referred to follow:)

[S. 2, 90th Cong., first sess.]

A BILL To amend title 35, United States Code, to permit the issuance of patents upon inventions after certain disclosures

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 102, title 35, United States Code, is amended by adding at the end thereof the following new paragraph:

"Nothing contained in this title shall prevent the issuance to any person of a patent for an invention on account of the previous publication by such person of a printed description of that invention if (1) such description was published incident to a claim for a copyright under chapter 3, title 17, United States Code, upon matter directly related to such invention or the use thereof, and (2) such printed description included a printed notice to the effect that such person has made, or contemplates the making of, an application for a patent for that invention."

[S. 1042, 90th Cong., first sess.]

A BILL For the general revision of the Patent Laws, title 35 of the United States Code, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title 35 of the United States Code, entitled "Patents", is hereby amended in its entirety to read as follows:

"TITLE 35—PATENTS"

"PART	Sec.
"I. PATENT OFFICE-----	1
"II. PATENTABILITY OF INVENTIONS AND GRANT OF PATENTS-----	100
"III. PATENTS AND PROTECTION OF PATENT RIGHTS-----	251

"PART I—PATENT OFFICE"

"CHAPTER	Sec.
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"Chapter 1.—ESTABLISHMENT, OFFICERS, FUNCTIONS"

"Sec.	
"1. Establishment.	
"2. Seal.	
"3. Officers and employees.	
"4. Restrictions on officers and employees as to interest in patents.	
"5. Bond of Commissioner and other officers.	
"6. Duties of Commissioner.	
"7. Board of Appeals.	
"8. Library.	
"9. Classification of patents.	
"10. Certified copies of records.	
"11. Publications.	
"12. Research and studies.	
"15. Advisory Council on the patent system.	

"§ 1. Establishment

"The Patent Office shall be an Office in the Department of Commerce, where records, books, drawings, specifications, and other papers and things pertaining to patents and to trademark registrations shall be kept and preserved, except as otherwise provided by law.

“§ 2. Seal

“The Patent Office shall have a seal with which letters patent, certificates of trademark registrations, and papers issued from the Office shall be authenticated.

“§ 3. Officers and employees

“(a) There shall be in the Patent Office a Commissioner of Patents, one first assistant commissioner, two other assistant commissioners, and not more than twenty-four examiners-in-chief. The assistant commissioners shall perform the duties pertaining to the office of Commissioner assigned to them by the Commissioner. The first assistant commissioner, or, in the event of a vacancy in that office, the assistant commissioner senior in date of appointment, shall fill the office of Commissioner during a vacancy in that office until a Commissioner is appointed and takes office. The Commissioner of Patents shall be appointed by the President, by and with the advice and consent of the Senate. The Secretary of Commerce, upon the nomination of the Commissioner in accordance with law, shall appoint all other officers and employees.

“(b) The Secretary of Commerce may vest in himself the functions of the Patent Office and its officers and employees specified in this title and may from time to time authorize their performance by any other officer or employee.

“(c) The Secretary of Commerce is authorized to fix the per annum rate of basic compensation of each examiner-in-chief in the Patent Office at not in excess of the maximum scheduled rate provided for positions in grade 17 of the General Schedule of positions referred to in section 5104 of title 5, United States Code, and of the assistant commissioner at not in excess of the rate provided for positions in grade 18.

“§ 4. Restrictions on officers and employees as to interest in patents

“Officers and employees of the Patent Office shall be incapable, during the period of their appointments and for one year thereafter, of applying for a patent and of acquiring, directly or indirectly, except by inheritance or bequest, any patent or any right or interest in any patent, issued or to be issued by the Office. In patents applied for thereafter they shall not be entitled to any priority date earlier than one year after the termination of their appointment.

“§ 5. Bond of Commissioner and other officers

“The Commissioner and such other officers as he designates, before entering upon their duties, shall severally give bond, with securities, the former in the sum of \$10,000, and the latter in sums prescribed by the Commissioner, conditioned for the faithful discharge of their respective duties and that they shall render to the proper officers of the Treasury a true account of all money received by virtue of their offices.

“§ 6. Duties of Commissioner

“The Commissioner, under the direction of the Secretary of Commerce, shall superintend or perform all duties required by law respecting the granting and issuing of patents and the registration of trademarks; and he shall have charge of property belonging to the Patent Office. He may establish regulations, not inconsistent with law, for the conduct of proceedings in the Patent Office. Such regulations and all other regulations issued pursuant to this title shall be subject to the approval of the Secretary of Commerce.

“§ 7. Board of Appeals

“(a) The Commissioner, the assistant commissioners, and the examiner-in-chief shall constitute a Board of Appeals in the Patent Office. The examiners-in-chief shall be persons of competent legal knowledge and scientific ability, who shall be appointed under the classified Civil Service.

“(b) The Board of Appeals shall:

“(1) Review adverse decisions of the examiners upon applications for patents as provided in section 134 of this title.

“(2) Review or consider actions arising under sections 136 and 257 of this title in accordance with regulations established for such purpose.

“(3) Perform the functions specified as being performed by a Board of Patent Interferences in Public Law 593. Eighty-second Congress (ch. 950, 66 Stat. 792, section 1), and in other Acts of Congress and when performing said function shall constitute a Board of Patent Interferences.

"(c) Each appeal or other action shall be heard or considered by at least three members of the Board of Appeals. The Board of Appeals has sole power to grant rehearings.

"(d) Whenever the Commissioner considers it necessary to maintain the work of the Board of Appeals current, he may designate any patent examiner of the primary examiner grade or higher having the requisite ability, to serve as examiner-in-chief for periods not exceeding six months each. An examiner so designated shall be qualified to act as a member of the Board of Appeals. Not more than one acting examiner-in-chief shall be a member of the Board of Appeals hearing an appeal or considering a case. The Secretary of Commerce is authorized to fix the per annum rate of basic compensation of each designated examiner-in-chief in the Patent Office at not in excess of the maximum scheduled rate provided for positions in grade 16 of the General Schedule of positions referred to in section 5104 of title 5, United States Code. The per annum rate of basic compensation of each designated examiner-in-chief shall be adjusted, at the close of the period for which he was designated to act as examiner-in-chief, to the per annum rate of basic compensation which he would have been receiving at the close of such period if such designation had not been made.

"§ 8. Library

"The Commissioner shall maintain a library of scientific and other works and periodicals, both foreign and domestic, in the Patent Office to aid the officers in the discharge of their duties.

"§ 9. Classification of patents

"The Commissioner may revise and maintain the classification by subject matter of published specifications of United States patents and applications and of such other patents and applications and other scientific and technical information as may be necessary or practicable, for the purpose of determining with readiness and accuracy the novelty of inventions for which applications for patent are filed.

"§ 10. Certified copies of records

"The Commissioner may, upon payment of the prescribed fee, furnish certified copies of records of the Patent Office to persons entitled thereto.

"§ 11. Publications

"(a) The Commissioner may print, or cause to be printed, the following:

"(1) Patent applications and parts thereof, subject to the provisions of this title, patent abstracts and patents, including specifications and drawings, together with copies of the same.

"(2) Certificates of trademark registrations, including statements and drawings, together with copies of the same.

"(3) The Official Gazette of the United States Patent Office.

"(4) Annual indices of patents and patentees, published applications and applicants, and of trademarks and registrants.

"(5) Annual volumes of decisions in patent and trademark cases.

"(6) Classification manuals and indices of the classifications of patents.

"(7) Pamphlet copies of the patent laws and rules of practice, laws and rules relating to trademarks and circulars or other publications relating to the business of the Office.

"(b) The Patent Office may print the headings of the drawings for patents for the purpose of photolithography.

"§ 12. Research and studies

"(a) The Commissioner shall conduct a program of research and development to improve and expedite the handling, classification, storage and retrieval of patents and other scientific and technical information.

"(b) The Commissioner, in consultation with the Advisory Council established pursuant to section 15 of this title, shall conduct and sponsor studies to aid in analyzing the contemporary needs of the patent system and in evaluating the effectiveness of the patent system in serving the public interest.

"§ 15. Advisory Council on the patent system

"(a) There is hereby established an Advisory Council on the Patent System (referred to in this section as the 'Council') of not less than twelve nor more than twenty-four members to be appointed by the Secretary of Commerce from

the general public without regard to the civil service laws, and to consist of persons representing sectors affected by the patent system. The Secretary of Commerce shall designate the Chairman of the Council and set the term of the members.

“(b) It shall be the duty of the Council, on a continuing basis, to evaluate the effectiveness of the patent system in serving the public interest; to analyze the contemporary conditions and needs of the patent system; to study and appraise the methods and operations of the United States Patent Office including the quality of United States patents, the procedures and timing of publication of pending applications and the need for and scope of any deferred examination system; and to report to the Secretary of Commerce its conclusions and recommendations.

“(c) The Secretary of Commerce shall furnish to the Council an executive secretary and such professional, secretarial, clerical, and other services and facilities as are deemed necessary to the conduct of its business.

“Chapter 2.—PROCEEDINGS IN THE PATENT OFFICE

“Sec.

“21. Day for taking action falling on Saturday, Sunday, or holiday.

“22. Printing of papers filed.

“23. Testimony in Patent Office cases.

“24. Subpenas, witnesses.

“25. Oath and declaration in lieu of oath.

“26. Effect of defective execution.

“§ 21. Day for taking action falling on Saturday, Sunday, or holiday

“When the day, or the last day, for taking any action or paying any fee in the United States Patent Office falls on Saturday, Sunday, or a holiday within the District of Columbia, the action may be taken, or the fee paid, on the next succeeding secular or business day.

“§ 22. Printing of papers filed

“The Commissioner may require papers filed in the Patent Office to be printed or typewritten.

“§ 23. Testimony in Patent Office cases

“The Commissioner may establish rules for taking affidavits and depositions required in cases in the Patent Office. Any officer authorized by law to take depositions to be used in the courts of the United States, or of the State where he resides, may take such affidavits and depositions.

“§ 24. Subpenas, witnesses

“The clerk of any United States court for the district wherein testimony is to be taken for use in any contested case in the Patent Office, shall, upon the application of any party thereto, issue a subpoena for any witness residing or being within such district, commanding him to appear and testify before an officer in such district authorized to take depositions and affidavits, at the time and place stated in the subpoena. The provisions of the Federal Rules of Civil Procedure relating to the attendance of witnesses and to the production of documents and things shall apply to contested cases in the Patent Office.

“Every witness subpoenaed and in attendance shall be allowed the fees and traveling expenses allowed to witnesses attending the United States district courts.

“A judge of a court whose clerk issued a subpoena may enforce obedience to the process or punish disobedience as in other like cases, on proof that a witness, served with such subpoena, neglected or refused to appear or to testify. No witness shall be deemed guilty of contempt for disobeying such subpoena unless his fees and traveling expenses in going to, and returning from, and one day's attendance at the place of examination, are paid or tendered him at the time of the service of the subpoena; nor for refusing to disclose any secret matter except upon appropriate order of the court which issued the subpoena.

“§ 25. Oath and declaration in lieu of oath

“(a) An oath to be field in the Patent Office may be made before any person within the United States authorized by law to administer oaths, or, when made in a foreign country, before any diplomatic or consular officer of the United States authorized to administer oaths, or before any officer authorized to administer

oaths in the foreign country in which the applicant may be, whose authority shall be proved by certificate of a diplomatic or consular officer of the United States, and such oath shall be valid if it complies with the laws of the state or country where made.

"(b) The Commissioner may by rule prescribe that any document to be filed in the Patent Office and which is required by any law, rule, or other regulation to be under oath may be subscribed to by a written declaration in such form as the Commissioner may prescribe, such declaration to be in lieu of the oath otherwise required.

"(c) Whenever such written declaration is used, the document must warn the declarant that willful false statements and the like are subject to punishment including fine or imprisonment, or both.

"§ 26. Effect of defective execution

"Any document to be filed in the Patent Office and which is required by any law, rule, or other regulation to be executed in a specified manner may be provisionally accepted by the Commissioner despite a defective execution, provided a properly executed document is submitted within such time as may be prescribed.

"Chapter 3.—PRACTICE BEFORE PATENT OFFICE

"Sec.

"31. Regulations for agents and attorneys.

"32. Suspension or exclusion from practice.

"33. Unauthorized representation as practitioner.

"§ 31. Regulations for agents and attorneys

"The Commissioner, subject to the approval of the Secretary of Commerce, may prescribe regulations governing the recognition and conduct of agents, attorneys, or other persons representing applicants or other parties before the Patent Office, and may require them, before being recognized as representatives of applicants or other persons, to show that they are of good moral character and reputation and are possessed of the necessary qualifications to render to applicants or other persons valuable service, advise, and assistance in the presentation or prosecution of their applications or other business before the Office.

"§ 32. Suspension or exclusion from practice

"The Commissioner may, after notice and opportunity for a hearing, suspend or exclude, either generally or in particular case, from further practice before the Patent Office, any person, agent, or attorney shown to be incompetent or disreputable, or guilty of gross misconduct, or who does not comply with the regulations established under section 31 of this title, or who shall, by word, circular, letter, or advertising, with intent to defraud in any manner, deceive, mislead, or threaten any applicant or prospective applicant, or other person having immediate or prospective business before the Office. The reasons for any such suspension or exclusion shall be duly recorded. The United States District Court for the District of Columbia, under such conditions and upon such proceedings as it by its rules determines, may review the action of the Commissioner upon the petition of the person so refused recognition or so suspended or excluded.

"§ 33. Unauthorized representation as practitioner

"Whoever, not being recognized to practice before the Patent Office, holds himself out or permits himself to be held out as so recognized, or as being qualified to prepare or prosecute applications for patent, shall be fined not more than \$1,000 for each offense.

"Chapter 4.—PATENT FEES

"Sec.

"41. Patent fees.

"42. Payment of patent fees; return of excess amounts.

"§ 41. Patent fees

"(a) The Commissioner shall prescribe by regulations the fees to be paid in connection with the filing and examination of patent applications, the issuance of patents, and other matters set forth in this title as requiring a fee and for copies of records, publications or other services furnished by the Patent Office, designed to effect an overall recovery in the range of 65 to 75 per centum of the costs of operation of the Patent Office.

"(b) The Commissioner shall prescribe by regulations, consistent with the provisions of this title, the time for payment of the fees to be paid under this title.

If payment of the fees in connection with the examination, publication or issuance of a patent application are not timely made, the application shall be regarded as abandoned. An applicant shall be given at least thirty days following notice of a fee due pursuant to section 123 or 151 of this title in which to pay the fee.

“(c) The fees established under the authority of this section shall apply to any other Government department or agency, or officer thereof, except that the Commissioner may waive the payment of any fee for services or materials in cases of occasional or incidental requests by a Government department or agency, or officer thereof.

“(d) The Commissioner may prescribe by regulations when copies of Patent Office records and publications may be provided without charge or in exchange for records or publications of foreign countries.

“§ 42. Payment of fees; return of excess amounts

“All fees shall be paid to the Commissioner, who shall deposit the same in the Treasury of the United States in such manner as the Secretary of the Treasury directs, and the Commissioner may refund any sum paid by mistake or in excess of the fee required.

“PART II— PATENTABILITY OF INVENTIONS AND GRANT OF PATENTS

“CHAPTER

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“Chapter 10.—PATENTABILITY OF INVENTIONS

“Sec.

- “100. Definitions.
- “101. Right to patent: inventions patentable.
- “102. Conditions for patentability.
- “103. Conditions for patentability; nonobvious subject matter.
- “105. Nonprejudicial disclosure.
- “106. Computer programs not patentable.

“§ 100. Definitions

“When used in this title unless the context otherwise indicates—

- “(a) The term ‘invention’ means invention or discovery.
- “(b) The term ‘process’ means process, art or method and includes a new use of a known process, machine, manufacture, composition of matter, or material.
- “(c) The term ‘United States’ means the United States of America, its territories and possessions.

“(d) The term ‘applicant’ means any person who has filed an application for patent as provided in this title.

“(e) The term ‘patentee’ includes not only the person to whom the patent was issued but also the successors in title to such person.

“(f) The term ‘effective filing date,’ when used in reference to a complete application for patent, includes the filing date to which such application, or the subject matter of any claim thereof, may be entitled under the provisions of sections 119 or 120. A complete application or the resulting patent may contain separate claims for subject matter having different effective filing dates.

“§ 101. Right to patent: inventions patentable

“Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, or his successor in title, may obtain a patent therefor, subject to the conditions and requirements of this title.

“§ 102. Conditions for patentability

“A person shall not be entitled to a patent if—

“(a) prior to the effective filing date of the application, the subject matter sought to be patented was known to the public, or made available to the public by means of a disclosure in tangible form, or in public use or on sale, or

“(b) the subject matter sought to be patented was disclosed in a published United States application, or United States patent, having an effective filing

date on or before that of the application for patent for the subject matter sought to be patented unless such application for patent is filed by the same applicant and is filed prior to the publication date of such prior published United States application, or

“(c) the inventor named in the application did not himself invent the subject matter sought to be patented, or

“(d) he has abandoned the invention.

“§ 103. Conditions for patentability; nonobvious subject matter

“A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious on or before the effective filing date of the application to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

“§ 105. Nonprejudicial disclosure

“(a) A public disclosure of subject matter concerning an invention less than six months prior to the date of filing of a complete application for patent, shall not bar the issuance of the patent if—

“(1) the subject matter was derived from the inventor named in such application, and

“(2) the disclosure was made in violation of an obligation not to disclose the subject matter.

“(b) The Commissioner may establish procedures for making determinations under subsection (a) of this section. No such determination in favor of the applicant shall be subject to direct judicial review.

“§ 106. Computer programs not patentable

“A plan of action or set of operating instructions, in whatever form presented, to cause a controllable data processor or computer to perform selected operations shall not be patentable.

“Chapter 11.—APPLICATION FOR PATENT

“Sec.

“111. Application for patent.

“112. Specification of a complete application.

“113. Drawings.

“114. Models, specimens.

“115. Oath of applicant.

“116. Joint inventors.

“117. Death or incapacity of inventor.

“118. Action when no oath or assignment can be obtained.

“119. Benefit of earlier filing date in foreign country; right of priority.

“120. Benefit of earlier filing date in the United States.

“121. Divisional applications.

“122. Confidential status of applications.

“123. Publication.

“§ 111. Application for patent

“(a) An application for patent may be filed by either the inventor or the owner of the invention sought to be patented. The application shall be made in writing to the Commissioner, shall be signed by the applicant and include the name of each person believed to have made an inventive contribution, and shall be accompanied by the prescribed fee. An application filed by a person not the inventor shall include, at the time of filing, a statement of the facts supporting the allegation of ownership of the invention.

“(b) A complete application for patent shall include :

“(1) a specification as prescribed by section 112 of this title ;

“(2) a drawing as prescribed by section 113 of this title ; and

“(3) if filed by the inventor, an oath prescribed by section 115(a) of this title.

“(c) A preliminary application containing the written description of an invention and otherwise complying with paragraph (a) of this section may be filed.

“(d) In a preliminary or complete application, omission of an inventor's name or inclusion of the name of one not an inventor, without deceptive intent, may be corrected at any time, in accordance with regulations established by the Commission.

"(e) When the Commissioner requires or publishes an abstract of the technical disclosure of a complete application, such abstract shall not be used either in the Patent Office or after the issuance of a patent to determine or interpret the scope of the invention claimed.

"§ 112. Specification of a complete application

"(a) The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

"(b) The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the inventor regards as his invention. A claim may be written in independent or dependent form, and if in dependent form, it shall be construed to include all the limitations of the claim incorporated by reference into the dependent claim.

"(c) An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof, and such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof.

"§ 113. Drawings

"When the nature of the case admits, the applicant shall furnish a drawing.

"§ 114. Models, specimens

"The Commissioner may require the applicant to furnish a model of convenient size to exhibit advantageously the several parts of his invention.

"§ 115. Oath of applicant

"(a) The applicant of a complete application, if he is the inventor, shall make oath that he believes himself to be the original inventor of the subject matter sought to be patented and shall state of what country he is a citizen.

"(b) The applicant of a complete application, if he is not the inventor, shall prior to the publication of the application:

"(1) file an oath by the inventor containing the averment prescribed in subsection (a) of this section and

"(2) record in the Patent Office an assignment, if ownership resulted from an assignment, or proof of ownership, in other cases.

"(c) The applicant of a complete application filed pursuant to section 117 of this title may make the oath required by subsection (b) of this section, so varied in form that it can be made by him.

"§ 116. Joint inventors

"(a) When two or more persons have made inventive contributions to subject matter claimed in an application, they shall apply for a patent jointly and each sign the application and make the required oath, or, if the application is filed by some other person having the right to do so, they shall be named as the inventors.

"(b) In an application for patent for a joint invention, it shall not be necessary for each person named as joint inventor to be a joint inventor of the invention asserted in each claim.

"(c) If a joint inventor refuses to join in an application for patent or cannot be found or reached after diligent effort, the application may be made by the other inventor on behalf of himself and the omitted inventor. The Commissioner, on proof of the pertinent facts and after such notice to the omitted inventor as he prescribes, may publish the application and grant a patent to the inventor making the application, subject to the same rights which the omitted inventor would have had if he had been joined. The omitted inventor may subsequently join in the application.

"§ 117. Death or incapacity of inventor

"Legal representatives of deceased inventors and of those under legal incapacity may make application for patent upon compliance with the requirements and on the same terms and conditions applicable to the inventor.

"§ 118. Action when no oath or assignment can be obtained

"Whenever an application is filed by someone not the inventor and the inventor refuses to execute the oath required by section 115(b)(1) of this title or an assignment, or cannot be found or reached after diligent effort, the Com-

missioner may, on proof of the pertinent facts and a showing by the applicant that such action is necessary to preserve the rights of the parties, and on compliance with such regulations as he prescribes:

- "(a) publish the application in the absence of such oath or assignment, and
- "(b) grant a patent in the name of the inventor.

"§ 119. Benefit of earlier filing date in foreign country; right of priority

"(a) A complete application for patent for an invention filed in this country by any person who has, or whose predecessor or successor in title has, previously regularly filed an application for a patent for the same invention by the same inventor in a foreign country which affords similar privileges in the case of applications filed in the United States or to citizens of the United States, shall have the same effect as the same application would have if filed in the United States on the date on which the application for patent for the same invention was first filed in any such foreign country, if the complete application in this country is filed within twelve months from the earliest date on which such foreign application was filed.

"(b) No application shall be entitled to a right of priority under this section, unless the applicant makes a claim therefor at the time the complete application is filed and complies with such requirements as the Commissioner may prescribe by regulations.

"(c) In like manner and subject to the same conditions and requirements, the right provided in this section may be based upon a subsequent regularly filed application in the same foreign country instead of the first filed foreign application, provided that any foreign application filed prior to such subsequent application has been withdrawn, abandoned, or otherwise disposed of, without leaving any rights outstanding, and has not served, nor thereafter shall serve, as a basis for claiming a right of priority.

"§ 120. Benefit of earlier filing date in the United States

"(a) A complete application for patent for an invention shall have the same effect as to such invention as though filed on the date a preliminary application was filed if:

- "(1) the two applications have the same inventor as to such invention;
- "(2) the invention sought to be patented, including every feature recited in the claims therefor, is disclosed in the preliminary application so as to enable any person skilled in the art to which it pertains or with which it is most nearly connected to make and use the same;

"(3) the complete application is filed within one year of the date of filing of the preliminary application, and

"(4) the applicant specifically claims the benefit of the date of filing the preliminary application for subject matter claimed in the complete application, at the time of filing the complete application.

"(b) A complete application for patent for an invention shall have the same effect as to such invention as though filed on the date a prior complete application was filed if:

"(1) the two applications have the same inventor as to such invention:

"(2) the invention is disclosed in the prior application in the manner provided by the first paragraph of section 112 of this title;

"(3) the second application is filed before the abandonment of, or the termination of proceedings in, or the filing of an appeal under section 134 in (unless the second application is a divisional application resulting from a requirement under section 120(a)), or the publication of the application under section 151 of this title of, the prior application, whichever is earlier, and

"(4) the applicant specifically claims the benefit of the date of filing the prior application for subject matter claimed in the second application, at the time of filing the second application.

"(c) If the prior complete application referred to in subsection (b) of this section is directly entitled to the benefit of the date of a prior preliminary application under subsection (a) or to the date of an application in a foreign country under section 119, with respect to the invention, then the second application referred to in subsection (b) shall also be entitled to benefit of such date.

"§ 121. Divisional applications

"(a) If two or more independent and distinct inventions are claimed in one complete application, the Commissioner may require the application to be restricted to one of them. The Commissioner may by rule dispense with signing and

execution in the case of an application directed solely to subject matter described and claimed in the original application.

"(b) The validity of a patent may not be questioned for failure of the Commissioner to require the application to be restricted under subsection (a) of this section, nor may the validity of either of two or more patents resulting from and in accordance with a requirement under said subsection (a) be questioned solely because of the existence of several patents, if the subsequent application is filed in accordance with the provisions of section 120 of this chapter.

"§ 122. Confidential status of applications

"Applications for patents shall be kept in confidence by the Patent Office and no information concerning the same given without authority of the applicant or owner unless necessary to carry out the provisions of any Act of Congress or in such special circumstances as may be determined by the Commissioner.

"§ 123. Publication

"(a) Under regulations prescribed by the Commissioner, a pending complete application which has not already been published under the provisions of section 151 of this title, shall be published as soon as practicable after such time, not less than eighteen months and not more than twenty-four months, from the earliest effective filing date claimed, as the Commissioner appoints, except that publication of applications under this subsection may be deferred in circumstances established by the Commissioner when such action will expedite disposition of such applications.

"(b) An applicant may, upon the payment of the prescribed fee, request earlier publication of his pending complete application and publication of the pending complete application shall occur as soon as practicable after the request.

"(c) Before publication of an application under this section, the applicant may be required, subject to sections 132 and 133 of this title, to place the application in proper form for publication.

"Chapter 12.—EXAMINATION OF APPLICATION

"Sec.

"131. Examination of application.

"132. Notice of rejection; reexamination.

"133. Time for prosecuting application.

"134. Appeal to the Board of Appeals.

"136. Reexamination after publication.

"137. Burden of persuasion.

"§ 131. Examination of application

"The Commissioner shall cause an examination to be made of the complete application and the alleged new invention; and if on such examination it is determined that the applicant is entitled to a patent under the law, the Commissioner shall issue a patent therefor as hereinafter provided.

"§ 132. Notice of rejection; reexamination

"Whenever, on examination, any claim of a complete application is rejected, or any objection or requirement made, the Commissioner shall notify the applicant thereof, stating the reasons therefor, together with such information and references as may be useful in judging the propriety of continuing the prosecution of the application; and if after receiving such notice, the applicant requests reexamination, with or without amendment, the application shall be reexamined. No amendment shall introduce new matter into the disclosure of the invention.

"§ 133. Time for prosecuting application

"Upon failure of the applicant to prosecute the application within six months after any action therein, of which notice has been given or mailed to the applicant, or within such shorter time, not less than thirty days, as fixed by the Commissioner in such action, the application shall be regarded as abandoned by the parties thereto, unless it be shown to the satisfaction of the Commissioner that such delay was unavoidable.

"§ 134. Appeal to the Board of Appeals

"An applicant for a patent, any of whose claims has been twice rejected, may appeal from the decision of the primary examiner to the Board of Appeals, having once paid the fee for such appeal.

“§ 136. Reexamination after publication

“(a) Any person may at any time notify the Commissioner of patents or publications which may have a bearing on the patentability of a published application, and the Commissioner may cause the application to be examined or reexamined in the light thereof.

“(b) If such notification explains in writing the pertinency of the patents or publications cited and is received within three months, or within such longer time as the Commissioner appoints but not more than six months, after publication of the application under section 151 of this title, the citations shall be considered by the Patent Office.

“(c) The identity of the person making the citations under subsections (a) or (b) of this section shall be kept in confidence by the Patent Office, and no information concerning the same shall be given without the authority of such person, unless necessary to carry out the provisions of an Act of Congress or in such special circumstances as may be determined by the Commissioner.

“(d) Any person may notify the Commissioner within three months, or within such longer time as the Commissioner appoints but not more than six months, after publication of an application under section 151 of this title that:

“(1) the invention claimed in such application was in public use or on sale prior to the effective filing date of the application, or

“(2) the inventor named in such application did not himself invent the subject matter sought to be patented.

If such person within the time specified above makes a prima facie showing and offers to present evidence in support of such showing, the matter shall be determined in such proceedings as the Commissioner may establish by regulation.

“(e) A refusal of the Commissioner to reject any claim of an application on the basis of a notification under this section shall not be subject to direct judicial review.

“§ 137. Burden of persuasion

“In all proceedings in the Patent Office in which the patentability of a claim is in issue, the applicant shall have the burden of persuading the Office that the claim is allowable.

“Chapter 13.—REVIEW OF PATENT OFFICE DECISIONS

“Sec.

“141. Appeal to Court of Customs and Patent Appeals.

“142. Notice of appeal.

“143. Proceedings on appeal.

“144. Decision on appeal.

“145. Civil action.

“147. Appeal to the United States Court of Appeals for the District of Columbia.

“148. Presumption.

“§ 141. Appeal to Court of Customs and Patent Appeals

“An applicant, or his successor in title, or a patentee dissatisfied with the decision of the Board of Appeals refusing a patent or any claim or cancelling a claim of a patent may appeal to the United States Court of Customs and Patent Appeals, thereby waiving his right to proceed under section 145 of this title.

“§ 142. Notice of appeal

“When an appeal is taken to the United States Court of Customs and Patent Appeals, the appellant shall file in the Patent Office a written notice of appeal directed to the Commissioner, within such time after the date of the decision appealed from, not less than sixty days, as the Commissioner appoints.

“§ 143. Proceedings on appeal

“The Patent Office shall transmit to the United States Court of Customs and Patent Appeals certified copies of all the necessary papers and evidence designated by the appellant and any additional papers and evidence designated by the Commissioner. The Commissioner may appear in court by his representative and present the position of the Patent Office. The court shall, before hearing an appeal, give notice of the time and place of the hearing to the Commissioner and the appellant.

“§ 144. Decision on appeal

“The United States Court of Customs and Patent Appeals shall review the decision appealed from on the evidence produced before the Patent Office and

transmitted to the court under the provisions of section 143 of this title. The court may, in the case of review of a decision refusing a patent or any claim, adjudge that such applicant is entitled to receive a patent for his invention, as specified in any of his claims involved in the decision of the Board of Appeals. Upon its determination the court shall return to the Commissioner a certificate of its proceedings and decision, which shall be entered of record in the Patent Office and govern the further proceedings in the case. In the case of review of a decision rendered under section 257 of this title, the adjudication of the court that a claim of the patent involved should not have been allowed, shall, upon its becoming final, operate to cancel the claim from the patent.

"§ 145. Civil action

"An applicant, or his successor in title, or a patentee dissatisfied with the decision of the Board of Appeals refusing a patent or any claim or cancelling a claim of a patent may, unless appeal has been taken to the United States Court of Customs and Patent Appeals, have remedy by civil action against the Commissioner in the United States District Court for the District of Columbia. Such action shall be commenced within such time after such decision, not less than sixty days, as the Commissioner appoints. The court may, in the case of review of a decision refusing a patent or any claim, adjudge that such applicant is entitled to receive a patent for his invention, as specified in any of his claims involved in the decision of the Board of Appeals, as the facts in the case may appear, and such adjudication shall be entered of record in the Patent Office and govern further proceedings in the case. In the case of review of a decision rendered under section 257 of this title, the adjudication of the court that a claim of the patent involved should not have been allowed, shall, upon its becoming final, operate to cancel the claim from the patent.

"§ 147. Appeal to the United States Court of Appeals for the District of Columbia

"Any party, or the Commissioner of Patents, dissatisfied with the decision of the Court of Customs and Patent Appeals in a proceeding under section 141 of this title may seek a review thereof by the United States Court of Appeals for the District of Columbia Circuit by petition for the allowance of an appeal. The petition shall be in writing and shall be filed with the clerk of said United States Court of Appeals within the prescribed time, the contents of the petition to conform to the requirements which said United States Court of Appeals may by rule prescribe. Said Court of Appeals may prescribe rules governing time for making such petition, the practice and procedure on such petition, the preparation of and the time for filing the transcript of the record in such cases, and generally to regulate all matters relating to appeals in such cases. If said Court of Appeals shall allow an appeal, the court shall review the record on appeal and shall affirm, reverse, or modify the decision in accordance with law.

"§ 148. Presumption

"In all actions under sections 141 and 145 of this title, the Patent Office decisions shall be given a presumption of correctness, and such decision shall be upheld unless it is without substantial basis or not in accordance with law.

"Chapter 14.—ISSUE OF PATENT

"Sec.

"151. Publication and issue of patents.

"153. How issued.

"154. Contents and term of patent.

"§ 151. Publication and issue of patent

"(a) If it is determined that an applicant is entitled to a patent under the law, a written notice of allowance of the application shall be given or mailed to the applicant. The notice shall specify a fee, upon payment of which within the time established, the application shall be published.

"(b) Applications which have been published under section 123 of this title need not be published in full under this section, but in lieu thereof a notice that the application has been allowed together with any changes may be published.

"(c) If no action under section 136 of this title has been taken, and provided the fee prescribed for issuance of a patent has been paid within the time established, the Commissioner shall issue the patent. If an action under section 136 of this title has been commenced, the patent shall be issued after the conclusion of the proceedings if then warranted.

"(d) If any payment required by this section is not timely made, but is submitted with the fee for delayed payment within three months after the due date and sufficient cause is shown for the late payment, it may be accepted by the Commissioner as though no abandonment or lapse had ever occurred.

"§ 153. How issued

"Patents shall be issued in the name of the United States of America, under the seal of the Patent Office, and shall be signed by the Commissioner or have his signature placed thereon, and shall be recorded in the Patent Office.

"§ 154. Contents and term of patent

"(a) Every patent shall contain a grant to the applicant, his heirs or assigns, of the right, during the term of the patent to exclude others from making, using, or selling the invention throughout the United States, referring to the specification for the particulars thereof. A copy of the specification and drawings shall be annexed to the patent and be a part thereof.

"(b) The term of a patent shall expire twenty years from the date of filing the application in the United States or, if the benefit of the filing date in the United States of a prior application is claimed, from the earliest such prior date claimed. In determining the term of the patent, the date of filing any application in a foreign country which may be claimed by the applicant shall not be taken into consideration.

"(c) The term of a patent whose issuance has been delayed by reason of the application having been ordered kept secret under section 181 of this title shall be extended for a period equal to the delay in issuance of the patent after the notice of allowability referred to in Section 183 of this title.

"Chapter 15.—PLANT PATENTS

"Sec.

"161. Patents for plants.

"162. Description, claim.

"163. Grant.

"164. Assistance of Department of Agriculture.

"§ 161. Patents for plants

"(a) Whoever invents or discovers and asexually reproduces any distinct and new variety of plant including cultivated sports, mutants, hybrids, and newly found seedlings, other than a tuber propagated plant or a plant found in an uncultivated state, may obtain a patent therefor, subject to the conditions and requirements of this title.

"(b) The provisions of this title relating to patents for inventions shall apply to patents for plants, except as otherwise provided.

"(c) The provisions of this title relating to any publication of applications under sections 123 and 151 shall not apply to applications for patents for plants.

"§ 162. Description, claim

"No plant patent shall be declared invalid for noncompliance with section 112 of this title if the description is as complete as is reasonably possible.

"The claim in the specification shall be in formal terms to the plant shown and described.

"§ 163. Grant

"In the case of a plant patent the grant shall be of the right to exclude others from asexually reproducing the plant or selling or using the plant so reproduced.

"§ 164. Assistance of Department of Agriculture

"The President may by Executive order direct the Secretary of Agriculture, in accordance with the requests of the Commissioner, for the purpose of carrying into effect the provisions of this title with respect to plants (1) to furnish available information of the Department of Agriculture, (2) to conduct through the appropriate bureau or division of the Department research upon special problems, or (3) to detail to the Commissioner officers and employees of the Department.

"Chapter 16.—DESIGNS

"Sec.

"171. Patents for designs.

"172. Right of priority.

"173. Term of design patent.

“§ 171. Patents for designs

“(a) Whoever invents any new, original and ornamental design for an article of manufacture may obtain a patent therefor, subject to the conditions and requirements of this title.

“(b) The provisions of this title relating to patents for inventions shall apply to patents for designs, except as otherwise provided.

“(c) The provisions of this title relating to any publication of applications under sections 123 and 151 shall not apply to applications for patents for designs.

“§ 172. Right of priority

“The right of priority provided for by section 119 of this title shall be six months in the case of designs.

“§ 173. Term of design patent

“Patents for designs may be granted for the term of three years and six months, or for seven years, or for fourteen years, as the applicant, in his application, elects.

“Chapter 17.—SECRECY OF CERTAIN INVENTIONS AND FILING APPLICATIONS IN FOREIGN COUNTRIES

“Sec.

“181. Secrecy of certain inventions and withholding of patent.

“182. Abandonment of invention for unauthorized disclosure.

“183. Right of compensation.

“184. Filing of application in foreign country.

“185. Patent barred for filing without license.

“186. Penalty.

“187. Nonapplicability to certain person.

“188. Rules and regulations, delegation of power.

“§ 181. Secrecy of certain inventions and withholding of patent

“(a) Whenever publication or disclosure of an invention in which the Government has a property interest might, in the opinion of the head of an interested Government agency, be detrimental to the national security, the Commissioner upon being so notified shall order that the invention be kept secret and shall withhold publication thereof and the grant of a patent under the conditions set forth hereinafter.

“(b) Whenever the publication or disclosure of an invention in which the Government does not have a property interest, might, in the opinion of the Commissioner, be detrimental to the national security, he shall make the application for patent in which such invention is disclosed available for inspection to the Atomic Energy Commission, the Secretary of Defense, and the chief officer of any other department or agency of the Government designated by the President as a defense agency of the United States.

“(c) Each individual to whom the application is disclosed shall sign a dated acknowledgment thereof, which acknowledgment shall be entered in the file of the application. If, in the opinion of the Atomic Energy Commission, the Secretary of a Defense Department, or the chief officer of another department or agency so designated, the publication or disclosure of the invention would be detrimental to the national security, the Atomic Energy Commission, the Secretary of a Defense Department, or such other chief officer shall notify the Commissioner and the Commissioner shall order that the invention be kept secret and shall withhold publication and the grant of a patent for such period as the national interest requires, and notify the applicant thereof. Upon proper showing by the head of the department or agency who caused the secrecy order to be issued that the examination of the application might jeopardize the national interest, the Commissioner shall thereupon maintain the application in a sealed condition and notify the applicant thereof. The applicant whose applications has been placed under a secrecy order shall have a right to appeal from the order to the Secretary of Commerce under rules prescribed by him.

“(d) An invention shall not be ordered kept secret and publication withheld for a period of more than one year. The Commissioner shall renew the order at the end thereof, or at the end of any renewal period, for additional periods of one year upon notification by the head of the department or the chief officer of the agency who caused the order to be issued that an affirmative determination has been made that the national interest continues so to require. An order in effect, or issued, during a time when the United States is at war, shall remain in effect for the duration of hostilities and one year following cessation of hostili-

ties. An order in effect, or issued, during a national emergency declared by the President shall remain in effect for the duration of the national emergency and six months thereafter. The Commissioner may rescind any order upon notification by the heads of the departments and the chief officers of the agencies who caused the order to be issued that the publication or disclosure of the invention is no longer deemed detrimental to the national security.

"§ 182. Abandonment of invention for unauthorized disclosure

"The invention disclosed in an application for patent subject to an order made pursuant to section 181 of this title may be held abandoned upon its being established by the Commissioner that in violation of said order the invention has been published or disclosed or that an application for a patent therefor has been filed in a foreign country by the inventor, his successors, assigns, or legal representatives, or anyone in privity with him or them, without the consent of the Commissioner. The abandonment shall be held to have occurred as of the time of violation. The consent of the Commissioner shall not be given without the concurrence of the heads of the departments and the chief officers of the agencies who caused the order to be issued. A holding of abandonment shall constitute forfeiture by the applicant, his successors, assigns, or legal representatives, or anyone in privity with him or them, of all claims against the United States based upon such invention.

"§ 183. Right to compensation

"An applicant, his successors, assigns, or legal representatives, whose patent is withheld as herein provided, shall have the right, beginning at the date the applicant is notified that, except for such order, his application is otherwise in condition for allowance, or February 1, 1952, whichever is later, and ending six years after a patent is issued thereon, to apply to the head of any department or agency who caused the order to be issued for compensation for the damage caused by the order of secrecy and/or for the use of the invention by the Government, resulting from his disclosure. The right to compensation for use shall begin on the date of the first use of the invention by the Government. The head of the department or agency is authorized, upon the presentation of a claim, to enter into an agreement with the applicant, his successors, assigns, or legal representatives, in full settlement for the damage and/or use. This settlement agreement shall be conclusive for all purposes notwithstanding any other provision of law to the contrary. If full settlement of the claim cannot be effected, the head of the department or agency may award and pay to such applicant, his successors, assigns, or legal representatives, a sum not exceeding 75 per centum of the sum which the head of the department or agency considers just compensation for the damage and/or use. A claimant may bring suit against the United States in the Court of Claims or in the District Court of the United States for the district in which such claimant is a resident for an amount which when added to the award shall constitute just compensation for the damage and/or use of the invention by the Government. The owner of any patent issued upon an application that was subject to a secrecy order issued pursuant to section 181 of this title, who did not apply for compensation as above provided, shall have the right, after the date of issuance of such patent, to bring suit in the Court of Claims for just compensation for the damage caused by reason of the order of secrecy and/or use by the Government of the invention resulting from his disclosure. The right to compensation for use shall begin on the date of the first use of the invention by the Government. In a suit under the provisions of this section the United States may avail itself of all defenses it may plead in an action under section 1498 of title 28. This section shall not confer a right of action on anyone or his successors, assigns, or legal representatives who, while in the full-time employment or service of the United States, discovered, invented, or developed the invention on which the claim is based.

"§ 184. Filing of application in foreign country

"(a) Except when authorized by a license obtained from the Commissioner, a person shall not file or cause or authorize to be filed in any foreign country prior to six months after filing a complete application in the United States an application for patent or for the registration of a utility model, industrial design or model in respect of an invention made in this country. A license shall not be granted with respect to an invention subject to an order issued by the Commissioner pursuant to section 181 of this title without the concurrence of the

head of the departments and the chief officers of the agencies who caused the order to be issued. The license may be granted retroactively where an application has been inadvertently filed abroad and the application does not disclose an invention within the scope of section 181 of this title.

“(b) The term ‘application’ when used in this chapter in relation to a United States application means a complete application. The term ‘application’ when used in this chapter in relation to an application filed in a foreign country includes any modifications, amendments, supplements thereto, or divisions thereof.

“§ 185. Patent barred for filing without license

“Notwithstanding any other provisions of law any person, and his successors, assigns, or legal representatives, shall not receive a United States patent for an invention if that person, or his successors, assigns, or legal representatives shall, without procuring the license prescribed in section 184 of this title, have made, or consented to or assisted another's making, application in a foreign country for a patent or for the registration of a utility model, industrial design, or model in respect of the invention. A United States patent issued to such person, his successors, assigns, or legal representatives shall be invalid.

“§ 186. Penalty

“Whoever, during the period or periods of time an invention has been ordered to be kept secret and the grant of a patent thereon withheld pursuant to section 181 of this title, shall, with knowledge of such order and without due authorization, willfully publish or disclose or authorize or cause to be published or disclosed the invention, or material information with respect thereto, or whoever, in violation of the provisions of section 184 of this title, shall file or cause or authorize to be filed in any foreign country an application for patent or for the registration of a utility model, industrial design, or model in respect of any invention made in the United States, shall, upon conviction, be fined not more than \$10,000 or imprisoned for not more than two years, or both.

“§ 187. Nonapplicability to certain persons

“The prohibitions and penalties of this chapter shall not apply to any officer or agent of the United States acting within the scope of his authority, nor to any person acting upon his written instructions or permission.

“§ 188. Rules and regulations, delegation of power

“The Atomic Energy Commission, the Secretary of a defense department, the chief officer of any other department or agency of the Government designated by the President as a defense agency of the United States, and the Secretary of Commerce, may separately issue rules and regulations to enable the respective department or agency to carry out the provisions of this chapter, and may delegate any power conferred by this chapter.

“Chapter 18.—DEFERRED EXAMINATION

“Sec.

“191. Initiation of deferred examination system.

“192. Deferment of examination.

“193. Examination.

“194. Examination of related applications.

“§ 191. Initiation of deferred examination system

“Upon the issuance of implementing regulations by the Secretary of Commerce, if he determines such action to be in the public interest, the examination of complete applications may be deferred in accordance with the provisions of this chapter and such regulations. The regulations may apply to all such applications or to such applications in specific classes as may be designated by the Secretary of Commerce, filed after the date specified in the regulations and prior to a termination date specified therein or in a subsequent order, and to further proceedings on such applications.

“§ 192. Deferment of examination

“(a) Notwithstanding the provisions of chapter 12 of this title, the examination of a complete application to which the provisions of this chapter apply shall be deferred unless at the time of filing the applicant requests immediate examination and pays the prescribed fee.

“(b) An application, the examination of which is deferred under the provisions of this chapter, shall be examined as to formal matters and other such

matters as the Commissioner may prescribe, and action may be taken under sections 132 and 133 of this title to place the application in condition for publication. Notwithstanding the provisions of section 123 of this title, such application shall be published as soon as practicable, except under such special circumstances as the Commissioner shall prescribe.

“§ 193. Examination

“(a) If a request for examination of an application, the examination of which has been deferred under the provisions of this chapter, accompanied by payment of the required fee is made at any time before the expiration of five years from the earliest effective filing date claimed, such application shall be examined as provided in chapter 12.

“(b) The applicant or any other person may make the request under subsection (a) of this section. Where the request is made by the applicant, he shall pay the full examination fee. Where the request is made by any other person, that person shall pay the basic examination fee on the requested application and the applicant shall pay all other fees including any fee for extra claims. The identity of such other person requesting the examination shall be kept in confidence by the Patent Office and no information concerning the same given without authority of such person unless necessary to carry out the provisions of any Act of Congress or in such special circumstances as may be determined by the Commissioner.

“(c) If no request for examination is received within the time specified in subsection (a) of this section, the application shall be regarded as abandoned.

“§ 194. Examination of related applications

“When examination of a deferred application is requested under section 193 of the title, the Commissioner may call upon the applicant to request examination of any other of his applications which may have been deferred and which claim the date of the first mentioned application or any application the date of which is claimed by the first mentioned application and to pay the fee. Notice shall be given the applicant of the fee due and a time of not less than thirty days shall be set for payment. If the fee is paid within the specified time, examination shall proceed on all such applications concurrently. If the fee is not paid within such time, the applications on which the required fee has not been paid shall be regarded as abandoned.

“PART III—PATENTS AND PROTECTION OF PATENT RIGHTS

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“Chapter 25.—AMENDMENT, CORRECTION AND REVOCATION OF PATENTS

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“253. Disclaimer.
“254. Certificate of correction of Patent Office mistake.
“255. Certificate of correction of applicant's mistake.
“256. Correction of named inventor.
“257. Revocation.

“§ 251. Reissue of defective patents

“(a) Whenever any patent is, through error without any deceptive intention, deemed wholly or partly inoperative or invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more than he had a right to claim in the patent, the Commissioner shall, on the surrender of such patent and the payment of the fee required by law, reissue the patent for the invention disclosed in the original patent, and in accordance with a new and amended application, for the unexpired part of the term of the original patent. No new matter shall be introduced into the application for reissue.

“(b) The provisions of chapters 12, 13 and 14 of this title relating to applications for patent shall be applicable to applications for reissue of a patent.

“(c) No reissued patent shall be granted enlarging the scope of the claims of the original patent.

"§ 252. Effect of reissue

"(a) The surrender of the original patent shall take effect upon the issue of the reissued patent, and every reissued patent shall have the same effect and operation in law, on the trial of actions for causes thereafter arising, as if the same had been originally granted in such amended form, but in so far as the claims of the original and reissued patents are identical, such surrender shall not affect any action then pending nor abate any cause of action then existing, and the reissued patent, to the extent that its claims are identical with the original patent, shall constitute a continuation thereof and have effect continuously from the date of the original patent.

"(b) No reissued patent shall abridge or affect the right of any person or his successors in business who made, purchased or used prior to the grant of a reissue anything patented by the reissued patent, to continue the use of, or to sell to others to be used or sold, the specific thing so made, purchased or used, unless the making, using or selling of such thing infringes a valid claim of the reissued patent which was in the original patent. The court before which such matter is in question may provide for the continued manufacture, use or sale of the thing made, purchased or used as specified, or for the manufacture, use or sale of which substantial preparation was made before the grant of the reissue, and it may also provide for the continued practice of any process patented by the reissue, practiced, or for the practice of which substantial preparation was made, prior to the grant of the reissue, to the extent and under such terms as the court deems equitable for the protection of investments made or business commenced before the grant of the reissue.

"§ 253. Disclaimer

"(a) Whenever, without any deceptive intention, a claim of a patent is invalid the remaining claims shall not thereby be rendered invalid. A patentee, whether of the whole or any sectional interest therein, may, on payment of the fee required by law, make disclaimer of any complete claim, stating therein the extent of his interest in such patent. Such disclaimer shall be in writing and recorded in the Patent Office; and it shall thereafter be considered as part of the original patent to the extent of the interest possessed by the disclaimant and by those claiming under him.

"(b) In like manner any patentee or applicant may disclaim or dedicate to the public the entire term, or any terminal part of the term, of the patent granted or to be granted.

"(c) The fact that two patents which have been or may be issued expire at the same time by means of a terminal disclaimer or dedication under this section or otherwise, shall have no effect in the determination of the patentability or validity of a claim in either.

"§ 254. Certificate of correction of Patent Office mistake

"Whenever a mistake in a patent, incurred through the fault of the Patent Office, is clearly disclosed by the records of the Office, the Commissioner may issue a certificate of correction stating the fact and nature of such mistake, under seal, without charge to be recorded in the records of patents. A printed copy thereof shall be attached to each printed copy of the patent, and such certificate shall be considered as part of the original patent. Every such patent, together with such certificate, shall have the same effect and operation in law on the trial of actions for causes thereafter arising as if the same had been originally issued in such corrected form. The Commissioner may issue a corrected patent without charge in lieu of and with like effect as a certificate of correction.

"§ 255. Certificate of correction of applicant's mistake

"Whenever a mistake of a clerical or typographical nature, or of minor character, which was not the fault of the Patent Office, appears in a patent and a showing has been made that such mistake occurred in good faith, the Commissioner may, upon payment of the required fee, issue a certificate of correction, if the correction does not involve such changes in the patent as would constitute new matter or would require reexamination. Such patent, together with the certificate, shall have the same effect and operation in law on the trial of actions for causes thereafter arising as if the same had been originally issued in such corrected form.

“§ 256. Correction of named inventor

“Omission of an inventor's name or inclusion of the name of a person not an inventor, without deceptive intent shall not affect validity of a patent, and may be corrected at any time by the Commissioner in accordance with regulations established by him or upon order of a Federal court before which the matter is called in question. Upon such correction the Commissioner shall issue a certificate accordingly.

“§ 257. Revocation

“(a) Any person, or the head of an agency or department of the Government, may, within three years from the issuance of a patent, petition the Patent Office for a determination that a claim of such patent is invalid in view of designated patents or publications. Such petition shall explain the pertinency of the references cited and be accompanied by a fee of \$500. The Patent Office shall determine on the basis of such petition whether or not a claim should have been allowed. If the Patent Office determines that a claim should not have been allowed, the owner of the patent as shown by the records of the Patent Office shall be notified and given an opportunity to amend the claim as provided in subsection (b) of this section or to request reconsideration of such determination as provided in subsection (c) of this section, within such time, not less than thirty days, as the Commissioner appoints. If the owner of the patent takes neither such action during the prescribed time, the claim in question shall be cancelled from the patent.

“(b) Upon receipt of the notice specified in subsection (a) of this section, if the patentee elects to amend the claim specified in the notice, he shall file an application for a reissue patent under the provisions of section 251 of this title.

“(c) Upon receipt of the notice specified in subsection (a) of this section, the patentee may request reconsideration before the Board of Appeals whose decision shall be reviewable as provided in chapter 13 of this title. A final decision from which no appeal has been or can be taken, that the claim should not have been allowed shall operate to cancel the claim from the patent. Neither the denial of a petition under subsection (a) of this section, nor a determination that the claim was properly allowed, shall be subject to direct judicial review.

“(d) Upon a decision by the Patent Office that the claim should have been allowed, a petitioner under subsection (a) of this section may in appropriate cases be required to pay to the patent owner the reasonable cost of defending such claim in the Patent Office, including attorney's fees, not to exceed a total of \$1,000, as determined by the Commissioner. The Commissioner may require an appropriate deposit or bond with surety for such cost prior to considering the petition.

“(e) If a claim of a patent is cancelled or amended as provided in this section on the basis of patents or publications which the petitioner previously presented under section 136 of this title, the fee required in subsection (a) of this section shall be refunded.

“(f) If the petition is filed by the head of an agency or department of the Government, the fees and cost prescribed by subsections (a) and (d) of this section shall not be required.

“(g) Nothing contained in this section shall be construed to supersede the jurisdiction of any Federal court or agency, nor to make any proceeding before such court or agency subject to the primary jurisdiction of the Patent Office.

“Chapter 26.—OWNERSHIP AND ASSIGNMENT

“Sec.

“261. Ownership; assignment.

“262. Joint owners.

“§ 261. Ownership; assignment

“(a) Subject to the provisions of this title, patents shall have the attributes of personal property.

“(b) Applications for patent, patents, or any interest therein, shall be assignable in law by an instrument in writing. The applicant, patentee, or his assigns or legal representatives may in like manner grant and convey an exclusive right under his application for patent, or patents, to the whole or any specified part of the United States.

"(c) A certificate of acknowledgment under the hand and official seal of a person authorized to administer oaths within the United States, or, in a foreign country, of a diplomatic or consular officer of the United States or an officer authorized to administer oaths whose authority is proved by a certificate of a diplomatic or consular officer of the United States, shall be prima facie evidence of the execution of an assignment, grant or conveyance of a patent or application for patent.

"(d) An assignment, grant or conveyance shall be void as against any subsequent purchaser or mortgagee for a valuable consideration, without notice, unless it is recorded in the Patent Office within three months from its date or prior to the date of such subsequent purchase or mortgage.

"§ 262. Joint owners

"In the absence of any agreement to the contrary, each of the joint owners of a patent may make, use or sell the patented invention without the consent of and without accounting to the other owners.

"Chapter 27.—GOVERNMENT INTERESTS IN PATENTS

"Sec.

"267. Time for taking action in Government applications.

"§ 267. Time for taking action in Government applications

"Notwithstanding the provisions of sections 133 and 151 of this title, the Commissioner may extend the time for taking any action to three years, when an application has become the property of the United States and the head of the appropriate department or agency of the Government has certified to the Commissioner that the invention disclosed therein is important to the armament or defense of the United States.

"Chapter 28.—INFRINGEMENT OF PATENTS

"Sec.

"271. Infringement of patent.

"272. Temporary presence in the United States.

"273. Unauthorized practice of subject matter prior to issuance of patent.

"§ 271. Infringement of patent

"(a) Except as otherwise provided in this title, whoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent.

"(b) Whoever, without authority of the patentee, imports into the United States, for purposes of trade or use in trade or industry, a product made in another country by a process patented in the United States shall be liable as an infringer provided patent protection for the process is not available in such country.

"(c) Whoever actively induces infringement of a patent shall be liable as an infringer.

"(d) Whoever sells a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.

"(e) No patent owner otherwise entitled to relief for infringement or contributory infringement of a patent shall be denied relief or deemed guilty of misuse or illegal extension of the patent right by reason of his having done one or more of the following: (1) derived revenue from acts which it performed by another without his consent would constitute contributory infringement of the patent; (2) licensed or authorized another to perform acts which if performed without his consent would constitute contributory infringement of the patent; (3) sought to enforce his patent rights against infringement or contributory infringement.

"§ 272. Temporary presence in the United States

"The use of any invention in any vessel, aircraft or vehicle of any country which affords similar privileges to vessels, aircraft or vehicles of the United States, entering the United States temporarily or accidentally, shall not constitute infringement of any patent, if the invention is used exclusively for the needs of the vessel, aircraft or vehicle and is not sold in or used for the manufacture of anything to be sold in or exported from the United States.

“§ 273. Unauthorized practice of subject matter prior to issuance of patent

“(a) After the issuance of a patent, a patentee may obtain damages for the unauthorized making, using or selling of the subject matter of a claim in the patent during an interim period prior to issuance of such patent, under the provisions of subsections (b) and (c) of this section and chapter 29 of this title.

“(b) Such interim period shall begin after the occurrence of all of the following events:

“(1) publication of the application containing such claim,

“(2) such claim is indicated as allowable by the Patent Office, and

“(3) actual notice to the alleged unauthorized practitioner that such claim has been indicated as allowable and how his acts are considered to constitute unauthorized practice of the subject matter of such claims

and shall end upon issuance of the patent.

“(c) Damages for unauthorized practice during the interim period shall be limited to royalties reasonable in the circumstances. No injunction or other relief may be had with respect to the subsequent use or sale of machines, manufactures or composition of matter made prior to the grant of the patent as to which a notice under this section applies, but reasonable royalties may be obtained.

“Chapter 29.—REMEDIES FOR INFRINGEMENT OF PATENT, AND OTHER ACTIONS

“Sec.

“281. Remedy for infringement of patent.

“282. Presumption of validity; defenses.

“283. Injunction.

“284. Damages.

“285. Attorney fees.

“286. Time limitation on damages.

“287. Limitation on damages; marking and notice.

“288. Action for infringement of a patent containing an invalid claim.

“289. Additional remedy for infringement of design patent.

“290. Notice of patent suits.

“292. False marking.

“293. Nonresident patentee service and notice.

“294. Estoppel and cancellation.

“§ 281. Remedy for infringement of patent

“A patentee shall have remedy by civil action for infringement of his patent.

“§ 282. Presumption of validity; defenses

“(a) A patent shall be presumed valid. Each claim of a patent (whether in independent or dependent form) shall be presumed valid independently of the validity of other claims; dependent claims shall be presumed valid even though dependent upon an invalid claim. The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting it.

“(b) The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded:

“(1) Noninfringement, absence of liability for infringement, or unenforceability,

“(2) Invalidity of the patent or any claim in suit on any ground specified in part II of this title as a condition for patentability.

“(3) Invalidity of the patent or any claim in suit for failure to comply with any requirement of sections 112 or 251 of this title.

“(4) Any other fact or act made a defense by this title.

“(c) In actions involving the validity or infringement of a patent the party asserting invalidity or noninfringement shall give notice in the pleadings or otherwise in writing to the adverse party at least thirty days before the trial, of the country, number, date, and name of the patentee of any patent, the title, date, and page numbers of any publication to be relied upon as anticipation of the patent in suit or, except in actions in the United States Court of Claims, as showing the state of the art, and the name and address of any person who may be relied upon as the prior inventor or as having prior knowledge of or as having previously used or offered for sale the invention of the patent in suit. In the absence of such notice proof of the said matters may not be made at the trial except on such terms as the court requires.

“§ 283. Injunction

“The several courts having jurisdiction of cases under this title may grant injunctions in accordance with the principles of equity to prevent the violation of any right secured by patent, on such terms as the court deems reasonable.

"§ 284. Damages

"(a) Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court.

"(b) When the damages are not found by a jury, the court shall assess them. In either event the court may increase the damages up to three times the amount found or assessed.

"(c) The court may receive expert testimony as an aid to the determination of damages or of what royalty would be reasonable under the circumstances.

"§ 285. Attorney fees

"The court in exceptional cases may award reasonable attorney fees to the prevailing party.

"§ 286. Time limitations on damages

"(a) Except as otherwise provided by law, no recovery shall be had for any infringement committed more than six years prior to the filing of the complaint or counterclaim for infringement in the action.

"(b) In the case of claims against the United States Government for use of a patented invention, the period before bringing suit, up to six years, between the date of receipt of a written claim for compensation by the department or agency of the Government having authority to settle such claim, and the date of mailing by the Government of a notice to the claimant that his claim has been denied shall not be counted as part of the period referred to in the preceding paragraph.

"§ 287. Limitation on damages; marking and notice

"Patentees, and persons making or selling any patented article for or under them, may give notice to the public that the same is patented, either by fixing thereon the word 'patent' or the abbreviation 'pat.', together with the number of the patent, or when, from the character of the article, this can not be done, by fixing to it, or to the package wherein one or more of them is contained, a label containing a like notice. In the event of failures so to mark, no damages shall be recovered by the patentee in any action for infringement, except on proof that the infringer was notified of the infringement and continued to infringe thereafter, in which event damages may be recovered only for infringement occurring after such notice. Filing of an action for infringement shall constitute such notice.

"§ 288. Action for infringement of a patent containing an invalid claim

"Whenever, without deceptive intention, a claim of patent is invalid, an action may be maintained for the infringement of a claim of the patent which may be valid. The patentee shall recover no costs unless a disclaimer of the invalid claim has been entered at the Patent Office before the commencement of the suit.

"§ 289. Additional remedy for infringement of a design patent

"(a) Whoever during the term of a patent for a design, without license of the owner, (1) applies the patented design, or any colorable imitation thereof, to any article of manufacture for the purpose of sale, or (2) sells or exposes for sale any article of manufacture to which such design or colorable imitation has been applied shall be liable to the owner to the extent of his total profit, but not less than \$250, recoverable in any United States district court having jurisdiction of the parties.

"(b) Nothing in this section shall prevent, lessen, or impeach any other remedy which an owner of an infringed patent has under the provisions of this title, but he shall not twice recover the profit made from the infringement.

"§ 290. Notice of patent suits

"The clerks of the courts of the United States, within one month after the filing of an action under this title shall give notice thereof in writing to the Commissioner, setting forth so far as known the names and addresses of the parties, name of the inventor, and the designating number of the patent upon which the action has been brought. If any other patent is subsequently included in the action he shall give like notice thereof. Within one month after the

decision is rendered or a judgment issued the clerk of the court shall give notice thereof to the Commissioner. The Commissioner shall, on receipt of such notices, enter the same in the file of such patent.

"§ 292. False marking

"(a) Whoever, without the consent of the patentee, marks upon, or affixes to, or uses in advertising in connection with anything made, used, or sold by him, the name or any imitation of the name of the patentee, the patent number, or the words 'patent,' 'patentee,' or the like, with the intent of counterfeiting or imitating the mark of the patentee, or of deceiving the public and inducing them to believe that the thing was made or sold by or with the consent of the patentee; or

"Whoever marks upon, or affixes to, or uses in advertising in connection with any unpatented article, the word 'patent' or any word or number importing that the same is patented, for the purpose of deceiving the public; or

"Whoever marks upon, or affixes to, or uses in advertising in connection with any article, the words 'patent applied for,' 'patent pending,' or any word importing that an application for patent has been made, when no application for patent has been made, or if made, is not pending, for the purpose of deceiving the public—

"Shall be fined not more than \$500 for every such offense.

"(b) Any person may sue for the penalty, in which event one-half shall go to the person suing and the other to the use of the United States.

"§ 293. Nonresident patentee; service and notice

"Every patentee not residing in the United States may file in the Patent Office a written designation stating the name and address of a person residing within the United States on whom may be served process or notice of proceedings affecting the patent or rights thereunder. If the person designated cannot be found at the address given in the last designation, or if no person has been designated, the United States District Court for the District of Columbia shall have jurisdiction and summons shall be served by publication or otherwise as the court directs. The court shall have the same jurisdiction to take any action respecting the patent or rights thereunder that it would have if the patentee were personally within the jurisdiction of the court.

"§ 294. Estoppel and cancellation

"(a) In any action in a Federal court in which the issue of the validity or scope of a claim of a patent is properly before the court, and the owner of the patent as shown by the records of the Patent Office is a party or has been given notice as provided in subsection (c) of this section, a final adjudication, from which no appeal has been or can be taken, limiting the scope of the claim or holding it to be invalid, shall constitute an estoppel against the patentee, and those in privity with him, in any subsequent Federal action, and may constitute an estoppel in such other Federal actions as the latter court may determine, involving such patent. Within thirty days of such adjudication the clerk of the court shall transmit notice thereof to the Commissioner, who shall place the same in the public records of the Patent Office pertaining to such patent, and endorse notice on all copies of the patent thereafter distributed by the Patent Office that the patent is subject to such adjudication.

"(b) In any action as set forth in subsection (a) of this section, upon a final adjudication from which no appeal has been or can be taken that a claim of the patent is invalid, the court may order cancellation of such claim from the patent. Such order shall be included in the notice to the Commissioner specified in subsection (a) of this section, and the notice of cancellation of a claim shall be published by the Commissioner and endorsed on all copies of the patent thereafter distributed by the Patent Office.

"(c) In any action in a Federal court in which the validity or scope of a claim of a patent is drawn into question, the owner of the patent, as shown by the records of the Patent Office, shall have the unconditional right to intervene to defend the validity or scope of such claim. The party challenging the validity or scope of the claim shall serve upon the patent owner a copy of the earliest pleadings asserting such invalidity. If such owner cannot be served with such pleadings, after reasonable diligence is exercised, service may be made as provided for in the Federal Rules of Civil Procedure and, in addition, notice shall be transmitted to the Patent Office and shall be published in the Official Gazette."

TRANSITIONAL AND SUPPLEMENTARY PROVISIONS

SEC. 2. (a) Section 1256 of title 28, United States Code, Judicial Code and Judiciary, is amended to read as follows :

“§ 1256. Court of Customs and Patent Appeals: certiorari

“Cases in the Court of Customs and Patent Appeals, except those capable of review under section 1295 of this title, may be reviewed by the Supreme Court by writ of certiorari.”

(b) Title 28, United States Code, Judicial Code and Judiciary, is amended by adding new section 1295 reading as follows :

“§ 1295. Patent Office cases

“The United States Court of Appeals for the District of Columbia Circuit shall have jurisdiction of appeals from decisions of the Court of Customs and Patent Appeals as provided for in section 147 of title 35, United States Code.”

(c) The section analysis of Chapter 83—Court of Appeals, of title 28, United States Code, Judicial Code and Judiciary, preceding section 1291, is amended by adding the following line :

“1295. Patent Office cases.”

(d) Section 1542 of title 28, United States Code, Judicial Code and Judiciary, is amended to read as follows :

“§ 1542. Patent Office decisions

“The Court of Customs and Patent Appeals shall have jurisdiction of appeals from decisions of :

“(1) The Board of Appeals of the Patent Office as to patent applications and patents as provided in chapter 13 of title 35, Patents, United States Code.

“(2) The Commissioner of Patents as to trademark applications and proceeding as provided in section 1071 of title 15.”

SEC. 3. (a) Title 28, United States Code, Judicial Code and the Judiciary, is amended by adding new section 757 reading as follows :

“§ 757. Civil commissioners for patent cases

“(a) When the volume of litigation arising under the patent laws so justifies, the court may appoint one or more Civil Commissioners who shall be subject to removal by the court and shall devote all of their time to the duties of the office. A Commissioner may be appointed to serve in more than one district.

“(b) Unless otherwise ordered by the court for good cause, such Civil Commissioners shall regulate and control the conduct of all discovery proceedings, preside over any oral examination for discovery of parties, officers, directors and managing agents of associations, preside over any pretrial hearings, and make any necessary orders with respect thereto and as a result thereof.

“(c) Each such Civil Commissioner shall receive basic compensation at the rate of \$26,000 per year.”

(b) The section analysis of Chapter 49—District Courts, of title 28, United States Code, Judicial Code and the Judiciary, preceding section 751, is amended by adding the following line :

“757. Civil commissioners for patent cases.”

SEC. 4. If any provision of title 35 Patents, United States Code, as amended by this Act, or any other provision of this Act, is declared unconstitutional or is held invalid, the validity of the remaining provisions shall not be affected .

SEC. 5. (a) This Act shall take effect on the day six months after enactment.

(b) Applications for patent actually filed in the United States prior to the effective date of this Act shall continue to be governed by the provisions of title 35 in effect immediately prior to the effective date, except that any such application still pending eighteen months after its filing date or effective filing date may be published by the Commissioner in accordance with the provisions of section 123 of title 35 as enacted by this Act and except sections 137 and 148 and as provided in subsection (c) of this section.

(c) Section 147 of title 35 as enacted by this Act and sections 1256 and 1295 of title 28 United States Code as amended by this Act shall apply in the case of appeals to the United States Court of Customs and Patent Appeals in which

the notice of appeal from the decision of the Patent Office to such court was filed on or after the effective date of this Act.

(d) Complete applications for patent actually filed in the United States within one year after the effective date of this Act and not relying on a prior preliminary application shall continue to be governed by the provisions of chapter 10 and by the provisions relating to interferences in chapters 12 and 13, of title 35 in effect immediately prior to the effective date.

(e) Assistant commissioners of patents and examiners-in-chief in office on the effective date of this Act shall continue in office under and in accordance with their then existing appointments.

(f) The amendment of title 35, United States Code, by this Act, shall not affect any rights or liabilities existing under title 35 in effect immediately prior to the effective date of this Act.

SEC. 6. This Act may be cited as "The Patent Reform Act of 1967."

[S. 1042, 90th Cong., first sess.]

[Amdt. No. 182]

Amendments intended to be proposed by Mr. Long of Missouri to S. 1042, a bill for the general revision of the patent laws, title 35 of the United States Code, and for other purposes, viz:

Beginning with line 28, page 11, strike out all to and including line 35, page 11, and insert in lieu thereof the following:

"§ 105. Nonprejudicial disclosure, use or sale

"(a) A public disclosure of the subject matter concerning an invention less than six months prior to the filing date of a complete application for patent shall not bar the issuance of the patent if the disclosure was by, or derived from, the applicant of or inventor named in the application, or based upon such a disclosure.

"(b) Public use or sale of an invention less than six months prior to the filing date of a complete application for patent shall not bar the issuance of the patent if the use or sale was by or on behalf of the applicant of or inventor named in the application."

On page 11, line 36, strike out the subsection designation "(b)", and insert in lieu thereof the subsection designation "(c)".

[Amdt. No. 183]

Amendments intended to be proposed by Mr. Long of Missouri to S. 1042, a bill for the general revision of the patent laws, title 35 of the United States Code, and for other purposes, viz:

On page 34, between lines 6 and 7, insert the following new section:

"§ 263. Licensable nature of patent rights

"(a) Applications for patents, patents, or any interests therein may be licensed in any specified territory, in the whole, or in any specified part, of the field of use to which the subject matter of the claims of the patent are directly applicable.

"(b) A patent owner shall not be deemed guilty of patent misuse because he agreed to a contractual provision, or imposed a condition on a licensee:

"(1) which has a direct relation to the invention patented, and

"(2) the performance of which is reasonable under the circumstances to secure to the patent owner the full benefit of his invention and patent grant."

On page 33, between lines 19 and 20, insert at the end of the section analysis of chapter 26 of the bill the following new item:

"263. Licensable nature of patent rights."

[Amdt. No. 184]

Amendment intended to be proposed by Mr. Long of Missouri to S. 1042, a bill for the general revision of the patent laws, title 35 of the United States Code, and for other purposes, viz: Beginning with line 21, page 34 strike out all to and including line 25, page 34, and insert in lieu thereof the following:

“‘(b) Whoever, without authority of the patentee, imports into the United States, for purposes of trade or use, a product made in another country by a process patented in the United States shall be liable as an infringer.’”

[Amdt. No. 185]

Amendments intended to be proposed by Mr. Long of Missouri to S. 1042, a bill for the general revision of the patent laws, title 35 of the United States Code, and for other purposes, viz :

On page 35, after line 40, insert the following new section :

“§ 274. Third party rights

“No patent shall abridge or affect the right of any person or his successors in business who made, purchased, or used, prior to the effective filing date of the patent (under circumstances which would not render the patent invalid) anything which would infringe the patent, or the essential use of which would infringe the patent, to continue the use of, or to sell to others to be used or sold, the specific thing so made, purchased, or used. The court before which such matter is in question may provide for the continued manufacture, use, or sale of the thing made, purchased, or used as above specified, or for the manufacture, use, or sale for which substantial preparation was made before the effective filing date of the patent; and it may also provide for the continued practice of any process which would infringe the patent, which was practiced, or for which substantial preparation was made, prior to the effective filing date of the patent, but only to the extent and under such terms as the court deems equitable for the protection of investments made or business commenced before the effective filing date of the patent.’”

On page 34, between lines 15 and 16, insert at the end of the section analysis of chapter 28 of the bill the following new item :

“‘274. Third party rights.’”

[Amdt. No. 186]

Amendments intended to be proposed by Mr. Long of Missouri to S. 1042, a bill for the general revision of the patent laws, title 35 of the United States Code, and for other purposes, viz :

On page 11, line 14, strike out the word “publication”, and insert in lieu thereof the word “issue”.

Beginning with line 6, page 16, strike out all to and including line 12, page 16, and insert in lieu thereof the following:

“‘(3) the second application is filed before the abandonment of or the issuance of a patent on the prior application, whichever is earlier, and ’”.

[S. 1377, 90th Cong., first sess.]

A BILL To clarify the authority of the Commissioner of Patents to compile, publish, and disseminate certain information relating to patents

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 11 of title 35 of the United States Code is amended by (1) redesignating subsection (b) as subsection (c) thereof, and (2) inserting therein, immediately after subsection (a), the following new subsection:

“(b) The Commissioner may (1) establish public facilities for the searching of patent materials, (2) establish a public information service for the dissemination to the public of information concerning patents, and (3) from time to time disseminate or provide for the dissemination to the public of those portions of the technological and other information available to or within the Patent Office the publication of which in his judgment would encourage innovation and promote the progress of useful arts. Such dissemination may be made through the issuance of periodical or other publications, the preparation and display of exhibits, or such other means as he may consider appropriate.”

(b) Subsection (c) of that section is amended by inserting therein, immediately after the words “subsection (a)”, the words “or authorized by subsection (b)”.

SEC. 2. (a) Sections 12 and 13 of such title are amended by inserting therein, immediately after the word “patents” where it appears in each such section, the words “and copies of publications of the Patent Office concerning patents”.

(b) Section 13 of such title is amended by inserting therein, immediately after the words “section 41 (a) 9”, the words “or under section 41 (b)”.

[S. 1691 90th Cong., first sess.]

A BILL For the general revision of the Patent Laws, title 35 of the United States Code, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title 35 of the United States Code, entitled "Patents", is hereby amended in its entirety to read as follows:

"TITLE 35—PATENTS

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"II. PATENTABILITY OF INVENTIONS AND GRANT OF PATENTS-----	100
"III. PATENTS AND PROTECTION OF PATENT RIGHTS-----	251

"PART I—PATENT OFFICE

"CHAPTER	Sec.
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"Chapter 1.—ESTABLISHMENT, OFFICERS, FUNCTIONS

"Sec.

- "1. Establishment.
- "2. Seal.
- "3. Officers and employees.
- "4. Restrictions on officers and employees as to interest in patents.
- "5. Bond of Commissioner and other officers.
- "6. Duties of Commissioner.
- "7. Board of Appeals.
- "8. Library.
- "9. Classification of patents.
- "10. Certified copies of records.
- "11. Publications.
- "12. Research and studies.

"§ 1. Establishment

"The Patent Office shall be an Office in the Department of Commerce, where records, books, drawings, specifications, and other papers and things pertaining to patents and to trademark registrations shall be kept and preserved, except as otherwise provided by law.

"§ 2. Seal

"The Patent Office shall have a seal with which letters patent, certificates of trademark registrations, and papers issued from the Office shall be authenticated.

"§ 3. Officers and employees

"(a) There shall be in the Patent Office a Commissioner of Patents, one first assistant commissioner, two other assistant commissioners, and not more than twenty-four examiners in chief. The assistant commissioners shall perform the duties pertaining to the office of Commissioner assigned to them by the Commissioner. The first assistant commissioner, or, in the event of a vacancy in that office, the assistant commissioner senior in date of appointment, shall fill the office of Commissioner during a vacancy in that office until a Commissioner is appointed and takes office. The Commissioner of Patents shall be appointed by the President, by and with the advice and consent of the Senate. The Secretary of Commerce, upon the nomination of the Commissioner in accordance with law, shall appoint all other officers and employees.

"(b) The Secretary of Commerce may vest in himself the functions of the Patent Office and its officers and employees specified in this title and may from time to time authorize their performance by any other officer or employee.

"(c) The Secretary of Commerce is authorized to fix the per annum rate of basic compensation of each examiner-in-chief in the Patent Office at not in excess of the maximum scheduled rate provided for positions in grade 17 of the General Schedule of positions referred to in section 5104 of title 5, United States Code, and of the assistant commissioners at not in excess of the rate provided for positions in grade 18.

"§ 4. Restrictions on officers and employees as to interest in patents

"Officers and employees of the Patent Office shall be incapable, during the period of their appointments and for one year thereafter, of applying for a patent and of acquiring, directly or indirectly, except by inheritance or bequest, any patent or any right or interest in any patent, issued or to be issued by the Office.

In patents applied for thereafter they shall not be entitled to any priority date earlier than one year after the termination of their appointment.

“§ 5. Bond of Commissioner and other officers

“The Commissioner and such other officers as he designates, before entering upon their duties, shall severally give bond, with sureties, the former in the sum of \$10,000, and the latter in sums prescribed by the Commissioner, conditioned for the faithful discharge of their respective duties and that they shall render to the proper officers of the Treasury a true account of all money received by virtue of their offices.

“§ 6. Duties of Commissioner

“The Commissioner, under the direction of the Secretary of Commerce, shall superintend or perform all duties required by law respecting the granting and issuing of patents and the registration of trademarks; and he shall have charge of property belonging to the Patent Office. He may establish regulations, not inconsistent with law, for the conduct of proceedings in the Patent Office. Such regulations and all other regulations issued pursuant to this title shall be subject to the approval of the Secretary of Commerce.

“§ 7. Board of Appeals

“(a) The Commissioner, the assistant commissioners, and the examiners-in-chief shall constitute a Board of Appeals in the Patent Office. The examiners-in-chief shall be persons of competent legal knowledge and scientific ability, who shall be appointed under the classified Civil Service.

“(b) The Board of Appeals, on written appeal of the applicant, shall review adverse decisions of examiners upon applications for patents.

“(c) Each appeal shall be heard or considered by at least three members of the Board of Appeals. The Board of Appeals has sole power to grant rehearings.

“(d) Whenever the Commissioner considers it necessary to maintain the work of the Board of Appeals current, he may designate any patent examiner of the primary examiner grade or higher having the requisite ability, to serve as examiner-in-chief for periods not exceeding six months each. An examiner so designated shall be qualified to act as a member of the Board of Appeals. Not more than one acting examiner-in-chief shall be a member of the Board of Appeals hearing an appeal. The Secretary of Commerce is authorized to fix the per annum rate of basic compensation of each designated examiner-in-chief in the Patent Office at not in excess of the maximum scheduled rate provided for positions in grade 16 of the General Schedule of positions referred to in section 5104 of title 5, United States Code. The per annum rate of basic compensation of each designated examiner-in-chief shall be adjusted, at the close of the period for which he was designated to act as examiner-in-chief, to the per annum rate of basic compensation which he would have been receiving at the close of such period if such designation had not been made.

“§ 8. Library

“The Commissioner shall maintain a library of scientific and other works and periodicals, both foreign and domestic, in the Patent Office to aid the officers in the discharge of their duties.

“§ 9. Classification of patents

“The Commissioner may revise and maintain the classification by subject matter of published specifications of United States patents and applications and of such other patents and applications and other scientific and technical information as may be necessary or practicable, for the purpose of determining with readiness and accuracy the novelty of inventions for which applications for patent are filed.

“§ 10. Certified copies of records

“The Commissioner may, upon payment of the prescribed fee, furnish certified copies of records of the Patent Office to persons entitled thereto.

“§ 11. Publications

“(a) The Commissioner may print, or cause to be printed, the following:

“(1) Patent abstracts and patents, including specifications and drawings, together with copies of the same.

“(2) Certificates of trademark registrations, including statements and drawings, together with copies of the same.

"(3) The Official Gazette of the United States Patent Office.

"(4) Annual indices of patents and patentees, published applications and applicants, and of trademarks and registrants.

"(5) Annual volumes of decisions in patent and trademark cases.

"(6) Classification manuals and indices of the classifications of patents.

"(7) Pamphlet copies of the patent laws and rules of practice, laws and rules relating to trademarks and circulars or other publications relating to the business of the Office.

"(b) The Patent Office may print the headings of the drawings for patents for the purpose of photolithography.

"§ 12. Research and studies

"The Commissioner shall conduct a program of research and development to improve and expedite the handling, classification, storage and retrieval of patents and other scientific and technical information.

"Chapter 2.—PROCEEDINGS IN THE PATENT OFFICE

"Sec.

"21. Day for taking action falling on Saturday, Sunday, or holiday.

"22. Printing of papers filed.

"23. Testimony in Patent Office cases.

"24. Subpenas, witnesses.

"25. Oath and declaration in lieu of oath.

"26. Effect of defective execution.

"§ 21. Day for taking action falling on Saturday, Sunday, or holiday

"When the day, or the last day, for taking any action or paying any fee in the United States Patent Office falls on Saturday, Sunday, or a holiday within the District of Columbia, the action may be taken, or the fee paid, on the next succeeding secular or business day.

"§ 22. Printing of papers filed

"The Commissioner may require papers filed in the Patent Office to be printed or typewritten.

"§ 23. Testimony in Patent Office cases

"The Commissioner may establish rules for taking affidavits and depositions required in cases in the Patent Office. Any officer authorized by law to take depositions to be used in the courts of the United States, or of the State where he resides, may take such affidavits and depositions.

"§ 24. Subpenas, witnesses

"The clerk of any United States court for the district wherein testimony is to be taken for use in any contested case in the Patent Office, shall, upon the application of any party thereto, issue a subpoena for any witness residing or being within such district, commanding him to appear and testify before an officer in such district authorized to take depositions and affidavits, at the time and place stated in the subpoena. The provisions of the Federal Rules of Civil Procedure relating to the attendance of witnesses and to the production of documents and things shall apply to contested cases in the Patent Office.

"Every witness subpoenaed and in attendance shall be allowed the fees and traveling expenses allowed to witnesses attending the United States district courts.

"A judge of a court whose clerk issued a subpoena may enforce obedience to the process or punish disobedience as in other like cases, on proof that a witness, served with such subpoena, neglected or refused to appear or to testify. No witness shall be deemed guilty of contempt for disobeying such subpoena unless his fees and traveling expenses in going to, and returning from, and one day's attendance at the place of examination, are paid or tendered him at the time of the service of the subpoena; nor for refusing to disclose any secret matter except upon appropriate order of the court which issued the subpoena.

"§ 25. Oath and declaration in lieu of oath

"(a) An oath to be filed in the Patent Office may be made before any person within the United States authorized by law to administer oaths, or, when made in a foreign country, before any diplomatic or consular officer of the United States authorized to administer oaths, or before any officer authorized to administer oaths in the foreign country in which the applicant may be, whose authority shall be proved by certificate of a diplomatic or consular officer of the United

States, and such oath shall be valid if it complies with the laws of the state or country where made.

"(b) The Commissioner may by rule prescribe that any document to be filed in the Patent Office and which is required by any law, rule, or other regulation to be under oath may be subscribed to by a written declaration in such form as the Commissioner may prescribe, such declaration to be in lieu of the oath otherwise required.

"(c) Whenever such written declaration is used, the document must warn the declarant that willful false statement and the like are subject to punishment including fine or imprisonment, or both.

"§ 26. Effect of defective execution

"Any document to be filed in the Patent Office and which is required by any law, rule, or other regulation to be executed in a specified manner may be provisionally accepted by the Commissioner despite a defective execution, provided a properly executed document is submitted within such time as may be prescribed.

"Sec.

"31. Regulations for agents and attorneys.

"32. Suspension or exclusion from practice.

"33. Unauthorized representation as practitioner.

"§ 31. Regulations for agents and attorneys

"The Commissioner, subject to the approval of the Secretary of Commerce, may prescribe regulations governing the recognition and conduct of agents, attorneys, or other persons representing applicants or other parties before the Patent Office, and may require them, before being recognized as representatives of applicants or other persons, to show that they are of good moral character and reputation and are possessed of the necessary qualifications to render to applicants or other persons valuable service, advice, and assistance in the presentation or prosecution of their applications or other business before the Office.

"Chapter 3.—PRACTICE BEFORE PATENT OFFICE

"§ 32. Suspension or exclusion from practice

"The Commissioner may, after notice and opportunity for a hearing, suspend or exclude, either generally or in any particular case, from further practice before the Patent Office, any person, agent, or attorney shown to be incompetent or disreputable, or guilty of gross misconduct, or who does not comply with the regulations established under section 31 of this title, or who shall, by word, circular, letter, or advertising, with intent to defraud in any manner, deceive, mislead, or threaten any applicant or prospective applicant, or other person having immediate or prospective business before the Office. The reasons for any such suspension or exclusion shall be duly recorded. The United States District Court for the District of Columbia, under such conditions and upon such proceedings as it by its rules determines, may review the action of the Commissioner upon the petition of the person so refused recognition or so suspended or excluded.

"§ 33. Unauthorized representation as practitioner

"Whoever, not being recognized to practice before the Patent Office, holds himself out or permits himself to be held out as so recognized, or as being qualified to prepare or prosecute application for patent, shall be fined not more than \$1,000 for each offense.

"Chapter 4.—PATENT FEES

"Sec.

"41. Patent fees.

"42. Payment of patent fees; return of excess amounts.

"§ 41. Patent fees

"(a) The Commissioner shall charge the following fees:

"(1) On filing each application for an original patent, except in design cases, \$65; in addition, on filing or on presentation at any other time, \$10 for each claim in independent form which is in excess of one, and \$2 for each claim (whether independent or dependent) which is in excess of ten. Errors in payment of the additional fees may be rectified in accordance with regulations of the Commissioner.

"(2) For issuing each original or reissue patent, except in design cases, \$100; in addition, \$10 for each page (or portion thereof) of specification as printed, and \$2 for each sheet of drawing.

"(3) In design cases :

(a) On filing each design application, \$20.

(b) On issuing each design patent : For three years and six months, \$10; for seven years, \$20; and for fourteen years, \$30.

"(4) On filing each application for the reissue of a patent, \$65; in addition, on filing or on presentation at any other time, \$10 for each claim in independent form which is in excess of the number of independent claims of the original patent, and \$2 for each claim (whether independent or dependent) which is in excess of ten and also in excess of the number of claims of the original patent. Errors in payment of the additional fees may be rectified in accordance with regulations of the Commissioner.

"(5) On filing each disclaimer, \$15.

"(6) On appeal for the first time from the examiner to the Board of Appeals, \$50; in addition, on filing a brief in support of the appeal, \$50.

"(7) On filing each petition for the revival of an abandoned application for a patent or for the delayed payment of the fee for issuing each patent, \$15.

"(8) For certificate under section 255 or under section 256 of this title, \$15.

"(9) As available and if in print: For uncertified printed copies of specifications and drawings of patents (except design patents), 50 cents per copy; for design patents, 20 cents per copy; the Commissioner may establish a charge not to exceed \$1 per copy for patents in excess of twenty-five pages of drawings and specifications and for plant patents printed in color; special rates for libraries specified in section 13 of this title, \$50 for patents issued in one year. The Commissioner may, without charge, provide applicants with copies of specifications and drawings of patents when referred to in a notice under section 132.

"(10) For recording every assignment, agreement, or other paper relating to the property in a patent or application, \$20; where the document relates to more than one patent or application, \$3 for each additional item.

"(11) For each certificate, \$1.

"(b) The Commissioner may establish charges for copies of records, publications, or services furnished by the Patent Office, not specified above.

"(c) The fees established under the authority of this section shall apply to any other Government department or agency, or officer thereof, except that the Commissioner may waive the payment of any fee for services or materials in cases of occasional or incidental requests by a Government department or agency, or officer thereof.

"(d) The Commissioner may prescribe by regulations when copies of Patent Office records and publications may be provided without charge or in exchange for records or publications of foreign countries.

"§ 42. Payment of fees; return of excess amounts

"All fees shall be paid to the Commissioner, who shall deposit the same in the Treasury of the United States in such manner as the Secretary of the Treasury directs, and the Commissioner may refund any sum paid by mistake or in excess of the fee required.

"PART II—PATENTABILITY OF INVENTIONS AND GRANT OF PATENTS

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"(f) he did not himself invent the subject matter sought to be patented, or

"(g) before the applicant's invention thereof the invention was made in this country by another who had not abandoned, suppressed, or concealed it. In determining priority of invention there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other.

“§ 103. Conditions for patentability; nonobvious subject matter

“A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

“§ 104. Invention made abroad

“In proceedings in the Patent Office and in the courts, an applicant for a patent, or a patentee, may not establish a date of invention by reference to knowledge or use thereof, or other activity with respect thereto, in a foreign country, except as provided in section 119 of this title. Where an invention was made by a person, civil or military, while domiciled in the United States and serving in a foreign country in connection with operations by or on behalf of the United States, he shall be entitled to the same rights of priority with respect to such invention as if the same had been made in the United States.

“Chapter 11.—APPLICATION FOR PATENT

“Sec.

“111. Application for patent.

“112. Specification.

“113. Drawings.

“114. Models, specimens.

“115. Oath of applicant.

“116. Joint inventors.

“117. Death or incapacity of inventor.

“118. Action when no oath or assignment can be obtained.

“119. Benefit of earlier filing date in foreign country; right of priority.

“120. Benefit of earlier filing date in the United States.

“121. Divisional applications.

“122. Confidential status of applications.

“§ 111. Application for patent

“(a) An application for patent may be filed by the inventor, the owner of the invention sought to be patented, or a person who otherwise shows sufficient proprietary interest in the invention sought to be patented. The application shall be made in writing to the Commissioner, shall be signed by the applicant and include the name of each person believed to have made an inventive contribution, and shall be accompanied by the prescribed fee. An application filed by a person not the inventor shall include, at the time of filing, a statement of the facts supporting the allegation of ownership of the invention.

“(b) A complete application for patent shall include:

“(1) a specification as prescribed by section 112 of this title;

“(2) a drawing as prescribed by section 113 of this title; and

“(3) if filed by the inventor, an oath prescribed by section 115(a) of this title.

“§ 112. Specification

“(a) The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

“(b) The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the inventor regards as his invention. A claim may be written in independent or dependent form, and if in dependent form, it shall be construed to include all the limitations of the claim incorporated by reference into the dependent claim.

(c) An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof, and such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof.

“§ 113. Drawings

“When the nature of the case admits, the applicant shall furnish a drawing.

"§ 114. Models, specimens

"The Commissioner may require the applicant to furnish a model of convenient size to exhibit advantageously the several parts of his invention.

"§ 115. Oath of applicant

"(a) The applicant for a patent, if he is the inventor, shall make oath that he believes himself to be the original and first inventor of the subject matter sought to be patented and shall state of what country he is a citizen.

"(b) The applicant for a patent, if he is not the inventor, shall prior to the grant of a patent :

"(1) file an oath by the inventor containing the averment prescribed in subsection (a) of this section and

"(2) record in the Patent Office an assignment, if ownership resulted from an assignment, or proof of ownership, in other cases.

"(c) The applicant who has filed an application for patent pursuant to section 117 of this title may make the oath required by subsection (b) of this section, so varied in form that it can be made by him.

"§ 116. Joint inventors

"(a) When two or more persons have made inventive contributions to subject matter claimed in an application, they shall apply for a patent jointly and each sign the application and make the required oath, or, if the application is filed by some other person having the right to do so, they shall be named as the inventors.

"(b) In an application for patent for a joint invention, it shall not be necessary for each person named as joint inventor to be a joint inventor of the invention asserted in each claim.

"(c) If a joint inventor refuses to join in an application for patent or cannot be found or reached after diligent effort, the application may be made by the other inventor or behalf of himself and the omitted inventor. The Commissioner, on proof of the pertinent facts and after such notice to the omitted inventor as he prescribes, may publish the application and grant a patent to the inventor making the application, subject to the same rights which the omitted inventor would have had if he had been joined. The omitted inventor may subsequently join in the application.

"§ 117. Death or incapacity of inventor

"Legal representatives of deceased inventors and of those under legal incapacity may make application for patent upon compliance with the requirements and on the same terms and conditions applicable to the inventor.

"§ 118. Action when no oath or assignment can be obtained

"Whenever an application is filed by some one not the inventor and the inventor refuses to execute the oath required by section 115(b)(1) of this title or an assignment, or cannot be found or reached after diligent effort, the Commissioner may, on proof of the pertinent facts and a showing by the applicant that such action is necessary to preserve the rights of the parties, and on compliance with such regulations as he prescribes, grant a patent in the name of the inventor.

"§ 119. Benefit of earlier filing date in foreign country; right of priority

"(a) An application for patent for an invention filed in this country by any person who has, or whose legal representatives or assigns have, previously regularly filed an application for a patent for the same invention in a foreign country which affords similar privileges in the case of applications filed in the United States or to citizens of the United States, shall have the same effect as the same application would have if filed in this country on the date on which the application for patent for the same invention was first filed in such foreign country, if the application in this country is filed within twelve months from the earliest date on which such foreign application was filed; but no patent shall be granted on any application for patent for an invention which had been patented or described in a publication in any country more than one year before the date of the actual filing of the application in this country, or which had been in public use or on sale in this country more than one year prior to such filing.

"(b) No application for patent shall be entitled to this right of priority unless the claim thereof and a certified copy of the original foreign application, specification and drawings upon which it is based are filed in the Patent Office within six months of the application filing date. Such certification shall be made

by the Patent Office of the foreign country in which filed and show the date of the application and the filing of the specification and other papers. The Commissioner may require a translation of the papers filed if not in the English language and such other information as he deems necessary.

"(c) In like manner and subject to the same conditions and requirements, the right provided in this section may be based upon a subsequently regularly filed application in the same foreign country instead of the first filed foreign application, provided that any foreign application filed prior to such subsequent application has been withdrawn, abandoned, or otherwise disposed of, without having been laid open to public inspection and without leaving any rights outstanding, and has not served, nor thereafter shall serve, as a basis for claiming a right of priority.

"§ 120. Benefit of earlier filing date in the United States

"An application for patent for an invention disclosed in the manner provided by the first paragraph of section 112 of this title in an application previously filed in the United States by the same inventor shall have the same effect, as to such invention, as though filed on the date of the prior application, if filed before the patenting or abandonment or termination of proceedings on the first application or on an application similarly entitled to the benefit of the filing date of the first application and if it contains or is amended to contain a specific reference to the earlier filed application.

"§ 121. Divisional applications

"(a) If two or more independent and distinct inventions are claimed in one complete application, the Commissioner may require the application to be restricted to one of them. The Commissioner may by rule dispense with signing and execution in the case of an application directed solely to subject matter described and claimed in the original application.

"(b) If the other invention is made the subject of a divisional application which complies with the requirements of section 120 of this title it shall be entitled to the benefit of the filing date of the original application. A patent issuing on an application with respect to which a requirement for restriction under this section has been made, or on an application filed as a result of such a requirement, shall not be used as a reference either in the Patent Office or in the courts against a divisional application or against the original application or any patent issued on either of them, if the divisional application is filed before the issuance of the patent on the other application."

"(c) The validity of a patent may not be questioned for failure of the Commissioner to require the application to be restricted under subsection (a) of this section, nor may the validity of either of two or more patents resulting from and in accordance with a requirement under said subsection (a) be questioned solely because of the existence of several patents, if the subsequent application is filed in accordance with the provisions of section 120 of this chapter.

"§ 122. Confidential status of applications

"Applications for patents shall be kept in confidence by the Patent Office and no information concerning the same given without authority of the applicant or owner unless necessary to carry out the provisions of any Act of Congress or in such special circumstances as may be determined by the Commissioner.

"Chapter 12.—EXAMINATION OF APPLICATION

"Sec.

"131. Examination of application.

"132. Notice of rejection; reexamination.

"133. Time for prosecuting application.

"134. Appeal to the Board of Appeals.

"135. Interferences.

"§ 131. Examination of application

"The Commissioner shall cause an examination to be made of the application and the alleged new invention; and if on such examination it appears that the applicant is entitled to a patent under the law, the Commissioner shall issue a patent therefor.

"§ 132. Notice of rejection; reexamination

"Whenever, on examination, any claim for a patent is rejected, or any objection or requirement made, the Commissioner shall notify the applicant

thereof, stating the reasons for such rejection, or objection, or requirement, together with such information and references as may be useful in judging of the propriety of continuing the prosecution of his application; and if after receiving such notice, the applicant persists in his claim for a patent, with or without amendment, the application shall be reexamined. No amendment shall introduce new matter into the disclosure of the invention.

“§ 133. Time for prosecuting application

“Upon failure of the applicant to prosecute the application within six months after any action therein, of which notice has been given or mailed to the applicant, or within such shorter time, not less than thirty days, as fixed by the Commissioner in such action, the application shall be regarded as abandoned by the parties thereto, unless it be shown to the satisfaction of the Commissioner that such delay was unavoidable.

“§ 134. Appeal to the Board of Appeals

“An applicant for a patent, any of whose claims has been twice rejected, may appeal from the decision of the primary examiner to the Board of Appeals, having once paid the fee for such appeal.

“§ 135. Interferences

“(a) Whenever an application is made for a patent which, in the opinion of the Commissioner, would interfere with any pending application, or with any unexpired patent, he shall give notice thereof to the applicants, or applicant and patentee, as the case may be. The question of priority of invention shall be determined by a board of patent interferences (consisting of three examiners of interferences) whose decision, if adverse to the claim of an applicant, shall constitute the final refusal by the Patent Office of the claims involved, and the Commissioner may issue a patent to the applicant who is adjudged the prior inventor. A final judgment adverse to a patentee from which no appeal or other review has been or can be taken or had shall constitute cancellation of the claims involved from the patent, and notice thereof shall be endorsed on copies of the patent thereafter distributed by the Patent Office.

“(b) A claim which is the same as, or for the same or substantially the same subject matter as, a claim of an issued patent may not be made in any application unless such a claim is made prior to one year from the date on which the patent was granted.

“(c) Any agreement or understanding between parties to an interference, including any collateral agreements referred to therein, made in connection with or in contemplation of the termination of the interference, shall be in writing and a true copy thereof filed in the Patent Office before the termination of the interference as between the said parties to the agreement or understanding. If any party filing the same so requests, the copy shall be kept separate from the file of the interference, and made available only to Government agencies on written request or to any person on a showing of good cause. Failure to file the copy of such agreement or understanding shall render permanently unenforceable such agreement or understanding and any patent of such parties involved in the interference or any patent subsequently issued on any application of such parties so involved. The Commissioner may, however, on a showing of good cause for failure to file within the time prescribed, permit the filing of the agreement or understanding during the six-month period subsequent to the termination of the interference as between the parties to the agreement or understanding.

“(d) The Commissioner shall give notice to the parties or their attorneys of record, a reasonable time prior to said termination, of the filing requirement of this section. If the Commissioner gives such notice at a later time, irrespective of the right to file such agreement or understanding within the six-month period on a showing of good cause, the parties may file such agreement or understanding within sixty days of the receipt of such notice.

“(e) In making determinations of priority under this section and other sections of the Statute, a party shall be able to show any and all acts of conception and reduction to practice, but shall only be entitled to rely upon dates of such acts no earlier than two years prior to the date of filing the first filed parent application for patent in the United States Patent Office.

“(f) Any discretionary action of the Commissioner under this subsection shall be reviewable under section 10 of the Administrative Procedure Act. (Amended October 15, 1962, Public Law 87-831, 76 Stat. 958).

"Chapter 13.—REVIEW OF PATENT OFFICE DECISIONS AND CERTAIN DECISIONS IN CIVIL ACTIONS

"Sec.

"141. Appeal to Court of Customs and Patent Appeals.

"142. Notice of Appeal.

"143. Proceedings on Appeal.

"144. Decision on appeal.

"§ 141. Appeal to Court of Customs and Patent Appeals

"An applicant dissatisfied with the decision of the Board of Appeals may appeal to the United States Court of Customs and Patent Appeals. A party to an interference dissatisfied with the decision of the Board of Patent interferences on the question of priority may appeal to the United States Court of Customs and Patent Appeals.

"§ 142. Notice of appeal

"When an appeal is taken to the United States Court of Customs and Patent Appeals, the appellant shall give notice thereof to the Commissioner, and shall file in the Patent Office his reasons of appeal, specifically set forth in writing, within such time after the date of the decision appealed from, not less than sixty days, as the Commissioner appoints.

"§ 143. Proceedings on appeal

"The United States Court of Customs and Patent Appeals shall, before hearing such appeal, give notice of the time and place of the hearing to the Commissioner and the parties thereto. The Commissioner shall transmit to the court certified copies of all the necessary original papers and evidence in the case specified by the appellant and any additional papers and evidence specified by the appellee and in an ex parte case the Commissioner shall furnish the court with the grounds of the decision of the Patent Office, in writing, touching all the points involved by the reasons of appeal.

"§ 144. Decision on appeal

"The United States Court of Customs and Patent Appeals, on petition shall determine such appeal and the decision shall be confined to the points set forth in the reasons of appeal. Upon its determination the Court shall return to the Commissioner a certificate of its proceedings and decision, which shall be entered of record in the Patent Office and govern the further proceeding in the case.

Either the applicant or the Commissioner of Patents may petition the Supreme Court with regard to a decision of the Court of Customs and Patent Appeals.

"Chapter 14.—ISSUE OF PATENT

"Sec.

"151. Issue of patent.

"152. Issue of patent to assignee.

"153. How issued.

"154. Contents and term of patent.

"§ 151. Issue of patent

"(a) If it appears that applicant is entitled to a patent under the law, a written notice of allowance of the application shall be given or mailed to the applicant. The notice shall specify a sum, constituting the issue fee or a portion thereof, which shall be paid within three months thereafter.

"(b) Upon payment of this sum the patent shall issue, but if payment is not timely made, the application shall be regarded as abandoned.

"(c) Any remaining balance of the issue fee shall be paid within three months from the sending of a notice thereof and, if not paid, the patent shall lapse at the termination of this three-month period. In calculating the amount of a remaining balance, charges for a page or less may be disregarded.

"(d) If any payment required by this section is not timely made, but is submitted with the fee for delayed payment within three months after the due date and sufficient cause is shown for the late payment, it may be accepted by the Commissioner as though no abandonment or lapse had ever occurred. (Amended July 24, 1965, Public Law 89-83, secs. 4 and 6, 79 Stat. 260).

"§ 152. Issue of patent to assignee

"Patents may be granted to the assignee of the inventor of record in the Patent Office, upon the application made by the inventor or assignee as otherwise provided by this title.

“§ 153. How issued

“Patents shall be issued in the name of the United States of America, under the seal of the Patent Office, and shall be signed by the Commissioner or have his signature placed thereon and attested by an officer of the Patent Office designated by the Commissioner, and shall be recorded in the Patent Office.

“§ 154. Contents and term of patent

“(a) Every patent shall contain a grant to the applicant, his heirs or assigns, of the right, during the term of the patent to exclude others from making, using, or selling the invention throughout the United States, referring to the specification for the particulars thereof. A copy of the specification and drawings shall be annexed to the patent and be a part thereof.

“(b) The term of a patent shall expire twenty years from the date of filing the application in the United States or, if the benefit of the filing date in the United States of a prior application is claimed, from the earliest such prior date claimed. In determining the term of the patent, the date of filing any application in a foreign country which may be claimed by the applicant shall not be taken into consideration.

“(c) The term of a patent whose issuance has been delayed by reason of the application having been ordered kept secret under section 181 of this title shall be extended for a period equal to the delay in issuance of the patent after the notice of allowability referred to in Section 183 of this title.

“Chapter 15.—PLANT PATENTS

“Sec.

“161. Patents for plants.

“162. Description, claim.

“163. Grant.

“164. Assistance of Department of Agriculture.

“§ 161. Patents for plants

“(a) Whoever invents or discovers and asexually reproduces any distinct and new variety of plant including cultivated sports, mutants, hybrids, and newly found seedlings, other than a tuber propagated plant or a plant found in an uncultivated state, may obtain a patent therefor, subject to the conditions and requirements of this title.

“(b) The provisions of this title relating to patents for inventions shall apply to patents for plants, except as otherwise provided.

“§ 162. Description, claim

“No plant patent shall be declared invalid for noncompliance with section 112 of this title if the description is as complete as is reasonably possible.

“The claim in the specification shall be in formal terms to the plant shown and described.

“§ 163. Grant

“In the case of a plant patent the grant shall be of the right to exclude other from asexually reproducing the plant or selling or using the plant so reproduced.

“§ 164. Assistance of Department of Agriculture

“The President may by Executive order direct the Secretary of Agriculture, in accordance with the requests of the Commissioner, for the purpose of carrying into effect the provisions of this title with respect to plants (1) to furnish available information of the Department of Agriculture, (2) to conduct through the appropriate bureau or division of the Department research upon special problems, or (3) to detail to the Commissioner officers and employees of the Department.

“Chapter 16.—DESIGNS

“Sec.

“171. Patents for designs.

“172. Right of priority.

“173. Term of design patent.

“§ 171. Patents for designs

“(a) Whoever invents any new, original and ornamental design for an article of manufacture may obtain a patent therefor, subject to the conditions and requirements of this title.

“(b) The provisions of this title relating to patents for inventions shall apply to patents for designs, except as otherwise provided.

"§ 172. Right of priority

"The right of priority provided for by section 119 of this title and the time specified in section 102(d) shall be six months in the case of designs.

"§ 173. Term of design patent

"Patents for designs may be granted for the term of three years and six months, or for seven years, or for fourteen years, as the applicant, in his application, elects.

**"Chapter 17.—SECRECY OF CERTAIN INVENTIONS AND FILING
APPLICATIONS IN FOREIGN COUNTRIES**

"Sec.

"181. Secrecy of certain inventions and withholding of patent.

"182. Abandonment of invention for unauthorized disclosure.

"183. Right of compensation.

"184. Filing of application in foreign country.

"185. Patent barred for filing without license.

"186. Penalty.

"187. Nonapplicability to certain persons.

"188. Rules and regulations, delegation of power.

"§ 181. Secrecy of certain inventions and withholding of patent

"(a) Whenever publication or disclosure by the grant of a patent on an invention in which the Government has a property interest might, in the opinion of the head of the interested Government agency, be detrimental to the national security, the Commissioner upon being so notified shall order that the invention be kept secret and shall withhold the grant of a patent therefor under the conditions set forth hereinafter.

"(b) Whenever the publication or disclosure of an invention by the granting of a patent, in which the Government does not have a property interest, might, in the opinion of the Commissioner, be detrimental to the national security, he shall make the application for patent in which such invention is disclosed available for inspection to the Atomic Energy Commission, the Secretary of Defense, and the chief officer of any department or agency of the Government designated by the President as a defense agency of the United States.

"(c) Each individual to whom the application is disclosed shall sign a dated acknowledgment thereof, which acknowledgment shall be entered in the file of the application. If, in the opinion of the Atomic Energy Commission, the Secretary of a Defense Department, or the chief officer of another department or agency so designated, the publication or disclosure of the invention by the granting of a patent therefor would be detrimental to the national security, the Atomic Energy Commission, the Secretary of a Defense Department, or such other chief officer shall notify the Commissioner and the Commissioner shall order that the invention be kept secret and shall withhold the grant of a patent for such period as the national interest requires, and notify the applicant thereof. Upon proper showing by the head of the department or agency who caused the secrecy order to be issued that the examination of the application might jeopardize the national interest, the Commissioner shall thereupon maintain the application in a sealed condition and notify the applicant thereof. The owner of an application which has been placed under a secrecy order shall have a right to appeal from the order to the Secretary of Commerce under rules prescribed by him.

"(d) An invention shall not be ordered kept secret and the grant of a patent withheld for a period of more than one year. The Commissioner shall renew the order at the end thereof, or at the end of any renewal period, for additional periods of one year upon notification by the head of the department or the chief officer of the agency who caused the order to be issued that an affirmative determination has been made that the national interest continues so to require. An order in effect, or issued, during a time when the United States is at war, shall remain in effect for the duration of hostilities and one year following cessation of hostilities. An order in effect, or issued, during a national emergency declared by the President shall remain in effect for the duration of the national emergency and six months thereafter. The Commissioner may rescind any order upon notification by the heads of the departments and the chief officers of the agencies who caused the order to be issued that the publication or disclosure of the invention is no longer deemed detrimental to the national security.

"§ 182. Abandonment of invention for unauthorized disclosure

"The invention disclosed in an application for patent subject to an order made pursuant to section 181 of this title may be held abandoned upon its being established by the Commissioner that in violation of said order the invention has been published or disclosed or that an application for a patent therefor has been filed in a foreign country by the inventor, his successors, assigns, or legal representatives, or any one in privity with him or them, without the consent of the Commissioner. The abandonment shall be held to have occurred as of the time of violation. The consent of the Commissioner shall not be given without the concurrence of the heads of the departments and the chief officers of the agencies who caused the order to be issued. A holding of abandonment shall constitute forfeiture by the applicant, his successors, assigns, or legal representatives, or anyone in privity with him or them, of all claims against the United States based upon such invention.

"§ 183. Right to compensation

"An applicant, his successors, assigns, or legal representatives, whose patent is withheld as herein provided, shall have the right, beginning at the date the applicant is notified that, except for such order, his application is otherwise in condition for allowance, or February 1, 1952, whichever is later, and ending six years after a patent is issued thereon, to apply to the head of any department or agency who caused the order to be issued for compensation for the damage caused by the order of secrecy and/or for the use of the invention by the Government, resulting from his disclosure. The right to compensation for use shall begin on the date of the first use of the invention by the Government. The head of the department or agency is authorized, upon the presentation of a claim, to enter into an agreement with the applicant, his successors, assigns, or legal representatives, in full settlement for the damage and/or use. This settlement agreement shall be conclusive for all purposes notwithstanding any other provision of law to the contrary. If full settlement of the claim cannot be effected, the head of the department or agency may award and pay to such applicant, his successors, assigns, or legal representatives, a sum not exceeding 75 per centum of the sum which the head of the department or agency considers just compensation for the damage and/or use. A claimant may bring suit against the United States in the Court of Claims or in the District Court of the United States for the district in which such claimant is a resident for an amount which when added to the award shall constitute just compensation for the damage and/or use of the invention by the Government. The owner of any patent issued upon an application that was subject to a secrecy order issued pursuant to section 181 of this title, who did not apply for compensation as above provided, shall have the right, after the date of issuance of such patent, to bring suit in the Court of Claims for just compensation for the damage caused by reason of the order of secrecy and/or use by the Government of the invention resulting from his disclosure. The right to compensation for use shall begin on the date of the first use of the invention by the Government. In a suit under the provisions of this section the United States may avail itself of all defenses it may plead in an action under section 1498 of title 28. This section shall not confer a right of action on anyone or his successors, assigns, or legal representatives who, while in the full-time employment or service of the United States, discovered, invented, or developed the invention on which the claim is based.

"§ 184. Filing of application in foreign country

"(a) Except when authorized by a license obtained from the Commissioner a person shall not file or cause or authorize to be filed in any foreign country prior to six months after filing in the United States an application for patent or for the registration of a utility model, industrial design, or model in respect of an invention made in this country. A license shall not be granted with respect to an invention subject to an order issued by the Commissioner pursuant to section 181 of this title without the concurrence of the head of the departments and the chief officers of the agencies who caused the order to be issued. The license may be granted retroactively where an application has been inadvertently filed abroad and the application does not disclose an invention within the scope of section 181 of this title. States, and the Secretary of Commerce, may separately issue rules and regulations to enable the respective department or agency to carry out the provisions of this chapter, and may delegate any power conferred by this chapter.

"PART III—PATENTS AND PROTECTION OF PATENT RIGHTS

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"Chapter 25.—AMENDMENT AND CORRECTION OF PATENTS

"Sec.
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"253. Disclaimer.
"254. Certificate of correction of Patent Office mistake.
"255. Certificate of correction of applicant's mistake.
"256. Misjoinder of inventor.

"§ 251. Reissue of defective patents

"(a) Whenever any patent is, through error without any deceptive intention, deemed wholly or partly inoperative or invalid by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent, the Commissioner shall, on the surrender of such patent and the payment of the fee required by law, reissue the patent for the invention disclosed in the original patent, and in accordance with a new and amended application, for the unexpired part of the term of the original patent. No new matter shall be introduced into the application for reissue.

"(b) The Commissioner may issue several reissued patents for distinct and separate parts of the thing patented, upon demand of the applicant, and upon payment of the required fee for a reissue for each of such reissued patents.

"(c) The provisions of this title relating to applications for patent shall be applicable to applications for reissue of a patent.

"(d) No reissued patent shall be granted enlarging the scope of the claims of the original patent unless applied for within two years from the grant of the original patent.

"§ 252. Effect of reissue

"(a) The surrender of the original patent shall take effect upon the issue of the reissued patent, and every reissued patent shall have the same effect and operation in law, on the trial of actions for causes thereafter arising, as if the same had been originally granted in such amended form, but in so far as the claims of the original and reissued patents are identical, such surrender shall not affect any action then pending nor abate any cause of action then existing, and the reissued patent, to the extent that its claims are identical with the original patent, shall constitute a continuation thereof and have effect continuously from the date of the original patent.

"(b) No reissued patent shall abridge or affect the right of any person or his successors in business who made, purchased or used prior to the grant of a reissue anything patented by the reissued patent, to continue the use of, or to sell to others to be used or sold, the specific thing so made, purchased or used, unless the making, using or selling of such thing infringes a valid claim of the reissued patent which was in the original patent. The court before which such matter is in question may provide for the continued manufacture, use or sale of the thing made, purchased or used as specified, or for the manufacture, use or sale of which substantial preparation was made before the grant of the reissue, and it may also provide for the continued practice of any process patented by the reissue, practiced, or for the practice of which substantial preparation was made, prior to the grant of the reissue, to the extent and under such terms as the court deems equitable for the protection of investments made or business commenced before the grant of the reissue.

"§ 253. Disclaimer

"(a) Whenever, without any deceptive intention, a claim of a patent is invalid the remaining claims shall not thereby be rendered invalid. A patentee, whether of the whole or any sectional interest therein, may, on payment of the fee required by law, make disclaimer of any complete claim, stating therein the extent of his interest in such patent. Such disclaimer shall be in writing and recorded in the Patent Office; and it shall thereafter be considered as part of the original patent to the extent of the interest possessed by the disclaimant and by those claiming under him.

"(b) In like manner any patentee or applicant may disclaim or dedicate to the public the entire term, or any terminal part of the term, of the patent granted or to be granted.

"§ 254. Certificate of correction of Patent Office mistake

"Whenever a mistake in a patent, incurred through the fault of the Patent Office, is clearly disclosed by the records of the Office, the Commissioner may issue a certificate of correction stating the fact and nature of such mistake, under seal, without charge, to be recorded in the records of patents. A printed copy thereof shall be attached to each printed copy of the patent, and such certificate shall be considered as part of the original patent. Every such patent, together with such certificate, shall have the same effect and operation in law on the trial of actions for causes thereafter arising as if the same had been originally issued in such corrected form. The Commissioner may issue a corrected patent without charge in lieu of and with like effect as a certificate of correction.

"§ 255. Certificate of correction of applicant's mistake

"Whenever a mistake of a clerical or typographical nature, or of minor character, which was not the fault of the Patent Office, appears in a patent and a showing has been made that such mistake occurred in good faith, the Commissioner may, upon payment of the required fee, issue a certificate of correction, if the correction does not involve such changes in the patent as would constitute new matter or would require reexamination. Such patent, together with the certificate, shall have the same effect and operation in law on the trial of actions for causes thereafter arising as if the same had been originally issued in such corrected form.

"§ 256. Correction of named inventor

"Omission of an inventor's name or inclusion of the name of a person not an inventor, without deceptive intent shall not affect validity of a patent, and the patent and the patent application may be corrected at any time by the Commissioner in accordance with regulations established by him or upon order of a Federal court before which the matter is called in question. Upon such correction the Commissioner shall issue a certificate accordingly.

"Chapter 26.—OWNERSHIP AND ASSIGNMENT

"Sec.

"261. Ownership; assignment.

"262. Joint owners.

"§ 261. Ownership; assignment

"(a) Subject to the provisions of this title, patents shall have the attributes of personal property.

"(b) Applications for patent, patents, or any interest therein, shall be assignable in law by an instrument in writing. The applicant, patentee, or his assigns or legal representatives may in like manner grant and convey an exclusive right under his application for patent, or patents, to the whole or any specified part of the United States.

"(c) A certificate of acknowledgement under the hand and official seal of a person authorized to administer oaths within the United States, or, in a foreign country, of a diplomatic or consular officer of the United States or an officer authorized to administer oaths whose authority is proved by a certificate of a diplomatic or consular officer of the United States, shall be prima facie evidence of the execution of an assignment, grant or conveyance of a patent or application for patent.

"(d) An assignment, grant or conveyance shall be void as against any subsequent purchaser or mortgagee for a valuable consideration, without notice, unless it is recorded in the Patent Office within three months from its date or prior to the date of such subsequent purchase or mortgage.

"§ 262. Joint owners

"In the absence of any agreement to the contrary, each of the joint owners of a patent may make, use or sell the patented invention without the consent of and without accounting to the other owners.

"Chapter 27.—GOVERNMENT INTERESTS IN PATENTS

"Sec.

"267. Time for taking action in Government applications.

"§ 267. Time for taking action in Government applications

"Notwithstanding the provisions of sections 133 and 151 of this title, the Commissioner may extend the time for taking any action to three years, when an application has become the property of the United States and the head of the appropriate department or agency of the Government has certified to the Commissioner that the invention disclosed therein is important to the armament or defense of the United States.

"Sec.

"271. Infringement of patent.

"272. Temporary presence in the United States.

"§ 271. Infringement of patent

"(a) Except as otherwise provided in this title, whoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent.

"(b) Whoever actively induces infringement of a patent shall be liable as an infringer.

"(c) Whoever sells a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.

"(d) No patent owner otherwise entitled to relief for infringement or contributory infringement of a patent shall be denied relief or deemed guilty of misuse or illegal extension of the patent right by reason of his having done once or more of the of the following: (1) derived revenue from acts which if performed by another without his consent would constitute contributory infringement of the patent: (2) licensed or authorized another to perform acts which if performed without his consent would constitute contributory infringement of the patent: (3) sought to enforce his patent rights against infringement or contributory infringement.

"(e) Whoever, without authority of the patentee, imports into the United States, for purposes of trade or use in trade or industry, a product made in another country by a process patented in the United States shall be liable as an infringer.

"§ 272. Temporary presence in the United States

"The use of any invention in any vessel, aircraft or vehicle of any country which affords similar privileges to vessels, aircraft or vehicles of the United States, entering the United States temporarily or accidentally, shall not constitute infringement of any patent, if the invention is used exclusively for the needs of the vessel, aircraft or vehicle and is not sold in or used for the manufacture of anything to be sold in or exported from the United States.

"Chapter 29.—REMEDIES FOR INFRINGEMENT OF PATENT, AND OTHER ACTIONS

"Sec.

"281. Remedy for infringement of patent.

"282. Presumption of validity; defenses.

"283. Injunction.

"284. Damages.

"285. Attorney fees.

"286. Time limitation on damages.

"287. Limitation on damages; marking and notice.

"288. Action for infringement of a patent containing an invalid claim.

"289. Additional remedy for infringement of design patent.

"290. Notice of patent suits.

"291. Interfering patents.

"292. False marking.

"293. Nonresident patentee, service and notice.

"§ 281. Remedy for infringement of patent

"A patentee shall have remedy by civil action for infringement of his patent.

"§ 282. Presumption of validity; defenses

"(a) A patent shall be presumed valid. Each claim of a patent (whether in independent or dependent form) shall be presumed valid independently of the validity of other claims; dependent claims shall be presumed valid even though

dependent upon an invalid claim. The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting it.

“(b) The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded:

“(1) Noninfringement, absence of liability for infringement, or unenforceability,

“(2) Invalidity of the patent or any claim in suit on any ground specified in part II of this title as a condition for patentability,

“(3) Invalidity of the patent or any claim in suit for failure to comply with any requirement of sections 112 or 251 of this title,

“(4) Any other fact or act made a defense by this title.

“(c) In actions involving the validity or infringement of a patent the party asserting invalidity or noninfringement shall give notice in the pleadings or otherwise in writing to the adverse party at least thirty days before the trial, of the country, number, date, and name of the patentee of any patent, the title, date, and page numbers of any publication to be relied upon as anticipation of the patent in suit or, except in actions in the United States Court of Claims, as showing the state of the art, and the name and address of any person who may be relied upon as the prior inventor or as having prior knowledge of or as having previously used or offered for sale the invention of the patent in suit. In the absence of such notice proof of the said matters may not be made at the trial except on such terms as the court requires.

“§ 283. Injunction

“The several courts having jurisdiction of cases under this title may grant injunctions in accordance with the principles of equity to prevent the violation of any right secured by patent, on such terms as the court deems reasonable.

“§ 284. Damages

“(a) Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court.

“(b) When the damages are not found by a jury, the court shall assess them. In either event the court may increase the damages up to three times the amount found or assessed.

“(c) The court may receive expert testimony as an aid to the determination of damages or of what royalty would be reasonable under the circumstances.

“§ 285. Attorney fees

“The court in exceptional cases may award reasonable attorney fees to the prevailing party.

“§ 286. Time limitation on damages

“(a) Except as otherwise provided by law, no recovery shall be had for any infringement committed more than six years prior to the filing of the complaint or counterclaim for infringement in the action.

“(b) In the case of claims against the United States Government for use of a patented invention, the period before bringing suit, up to six years, between the date of receipt of a written claim for compensation by the department or agency of the Government having authority to settle such claim, and the date of mailing by the Government of a notice to the claimant that his claim has been denied shall not be counted as part of the period referred to in the preceding paragraph.

“§ 287. Limitation on damages; marking and notice

“Patentees, and persons making or selling any patented articles for or under them, may give notice to the public that the same is patented, either by fixing thereon the word ‘patent’ or the abbreviation ‘pat.’, together with the number of the patent, or when, from the character of the article, this can not be done, by fixing to it, or to the package wherein one or more of them is contained, a label containing a like notice. In the event of failure so to mark, no damages shall be recovered by the patentee in any action for infringement, except on proof that the infringer was notified of the infringement and continued to infringe thereafter, in which event damages may be recovered only for infringement occurring after such notice. Filing of an action for infringement shall constitute such notice.

“§ 288. Action for infringement of a patent containing an invalid claim

“Whenever, without deceptive intention, a claim of a patent is invalid, an action may be maintained for the infringement of a claim of the patent which may be valid. The patentee shall recover no costs unless a disclaimer of the invalid claim has been entered at the Patent Office before the commencement of the suit.

“§ 289. Additional remedy for infringement of a design patent

“(a) Whoever during the term of a patent for a design, without license of the owner, (1) applies the patented design, or any colorable imitation thereof, to any article of manufacture for the purpose of sale, or (2) sells or exposes for sale any article of manufacture to which such design or colorable imitation has been applied shall be liable to the owner to the extent of his total profit, but not less than \$250, recoverable in any United States district court having jurisdiction of the parties.

“(b) Nothing in this section shall prevent, lessen, or impeach any other remedy which an owner of an infringed patent has under the provisions of this title, but he shall not twice recover the profit made from the infringement.

“§ 290. Notice of patent suits

“The clerks of the courts of the United States, within one month after the filing of an action under this title shall give notice thereof in writing to the Commissioner, setting forth so far as known the names and addresses of the parties, name of the inventor, and the designating number of the patent upon which the action has been brought. If any other patent is subsequently included in the action he shall give like notice thereof. Within one month after the decision is rendered or a judgment issued the clerk of the court shall give notice thereof to the Commissioner. The Commissioner shall, on receipt of such notices, enter the same in the file of such patent.

“§ 291. Interfering patents

“The owner of an interfering patent may have relief against the owner of another by civil action, and the court may adjudge the question of the validity of any of the interfering patents, in whole or in part. The provisions of the second paragraph of section 146 of this title shall apply to actions brought under this section.

“§ 292. False marking

“(a) Whoever, without the consent of the patentee, marks upon, or affixes to, or uses in advertising in connection with anything made, used, or sold by him, the name or any imitation of the name of the patentee, the patent number, or the words ‘patent’, ‘patentee’, or the like, with the intent of counterfeiting or imitating the marks of the patentee, or of deceiving the public and inducing them to believe that the thing was made or sold by or with the consent of the patentee; or

“Whoever marks upon, or affixes to, or uses in advertising in connection with any unpatented article, the word ‘patent’ or any word or number importing that the same is patented, for the purpose of deceiving the public; or

“Whoever marks upon, or affixes to, or uses in advertising in connection with any article, the words ‘patent applied for,’ ‘patent pending,’ or any word importing that an application for patent has been made, when no application for patent has been made, or if made, is not pending, for the purpose of deceiving the public—

“Shall be fined not more than \$500 for every such offense.

“(b) Any person may sue for the penalty, in which event one-half shall go to the person suing and the other to the use of the United States.

“§ 293. Nonresident patentee; service and notice

“Every patentee not residing in the United States may file in the Patent Office a written designation stating the name and address of a person residing within the United States on whom may be served process or notice of proceedings affecting the patent or rights thereunder. If the person designated cannot be found at the address given in the last designation, or if no person has been designated, the United States District Court for the District of Columbia shall have jurisdiction and summons shall be served by publication or otherwise as the court directs. The court shall have the same jurisdiction to take any action respecting the

patent or rights thereunder that it would have if the patentee were personally within the jurisdiction of the court.

SEC. 2. If any provision of title 35 Patents, United States Code, as amended by this Act, or any other provision of this Act, is declared unconstitutional or is held invalid, the validity of the remaining provisions shall not be affected.

SEC. 3. (a) This Act shall take effect on the day six months after enactment.

(b) Applications for patent actually filed in the United States prior to the effective date of this Act shall continue to be governed by the provisions of title 35 in effect immediately prior to the effective date hereof.

(c) Assistant commissioners of patents and examiners-in-chief in office on the effective date of this Act shall continue in office under and in accordance with their then existing appointments.

(d) The amendment of title 35, United States Code, by this Act, shall not affect any rights or liabilities existing under title 35 in effect immediately prior to the effective date of this Act.

SEC. 4. This Act may be cited as "The Patent Act of 1967."

(By order of the chairman S. 2164 introduced by Senator Yarborough on July 25, 1967 appears as follows:)

[S. 2164, 90th Cong., first sess.]

A BILL For the amendment of the patent laws, title 35 of the United States Code, to eliminate delay in the issue of patent applications caused: (a) by protracted prosecution due to the filing of successive applications on the same subject matter, namely, divisions, continuations and continuations-in-part, and due to interferences, and due to appeals; (b) by congestion of the Patent Office due to Government-sponsored and other defensive patent applications, and due to multiple applications on several similar or related inventions more easily examined together; and (c) by delayed filing of applications, thereby to promote the progress of the useful arts

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title 35 of the United States Code, entitled "Patents" is hereby amended by adding new sections as follows:

"§ 123. Joinder of inventions and applicants

"A plurality of inventions that are related or similar or both, and which have been made by the same or different inventive entities at the same or different times, may be combined in a single application, subject to such limitations as the Commissioner may prescribe: *Provided*, That no limitation shall be based on the fact that plural inventive entities have joined in one application. No patent claim shall be invalidated because less than all of the inventors named in the application contributed to the invention defined by such claim so long as at least one of the named inventors so contributed. Unless otherwise agreed, applicants joining in one application shall thereby be joint owners of the entire claimed subject matter of the application and any divisions or continuations thereof and any patent or patents issued based on any of such applications.

"§ 124. Filing by assignee

"One claiming to be the assignee of the inventor may file a patent application instead of the inventor: *Provided*, That such assignee names the inventor in the application and the inventor makes the oath required as in the case of an application by the inventor or the assignee makes an oath on information and belief as to the fact of invention by such inventor: *And provided further*, That the assignee shall present prior to the issue of any patent thereon sufficient evidence to make a prima facie showing of legal or equitable ownership of the subject matter claimed in the application, and in the case of an invention made outside of the United States such evidence of such ownership of a corresponding foreign patent application may be accepted in place of such evidence relative to the United States application.

"§ 136. Order of examination of applications

"As near as may be possible consistent with the orderly operation of the Patent Office, each patent application shall be taken up for initial examination and for reexamination in the order of the earliest alleged effective United States filing date of any claim contained therein. Applicants shall identify such date for each claim presented; but the entire application shall be examined according to the earliest date for any claim.

“§ 155. Issue pending appeal

“Whenever an applicant shall have appealed to the Board of Appeals he shall be required promptly to correct all informalities in his application, whereupon a notice of allowance shall be given or mailed to the applicant. Proceedings thereafter shall be the same as in the case of an ordinary notice of allowance except that the rejected claims that have been appealed will be included, along with any claims considered allowable, and so identified, in the issued patent, but such rejected claims will be ineffective unless and until held allowable by the Board of Appeals or in subsequent proceedings.

“§ 156. Issue pending interference

“Regardless of whether interference proceedings are in progress, ex parte prosecution of all the interfering applications shall continue through and including final action, allowance and issue, and other proceedings as the case may require, the same as absent such interference, except that claims which are the subject of pending interference proceedings or whose allowability is held to depend upon winning such pending interference, shall be conditional claims and treated in the manner hereinafter provided. Interfering applications and patents shall not be references against each other with respect to conditional claims during ex parte prosecution until such interference is resolved. Ex parte proceedings in connection with such conditional claims shall be the same as for other claims, except that the conditional claims shall be so identified and will be ineffective unless and until the patentee's priority has been established in an interference.

“§ 157. Term of activated claims

“The term of any rejected or conditional claim activated into effectiveness as provided in section 155 or section 156 hereof shall begin at the date of such activation and expire ten years from the date of activation or on the same date as would an ordinary claim if one is or were contained in the patent, whichever is the later.

“§ 158. Issue of dedicated applications

“Whenever during the pendency of an application the owner of the entire right, title, and interest shall file a dedication to the public of all the subject matter claimed therein, the owner shall be required promptly to correct all informalities in the application whereupon a notice of allowance shall be given or mailed to the applicant. Proceedings thereafter shall be the same as in the case of an ordinary notice of allowance except that conspicuous notations shall appear on the patent that the claims have been so dedicated. If the dedication is filed prior to the first examination of the application, the issue fee shall be reduced by the amount of the filing fee already paid. Owners of applications which have been dedicated and of the patents issued on such applications shall have the same rights of interference as other persons as to claims found allowable in other applications but claims won in interference by such dedicating owners shall likewise become dedicated to the public. The dedication by an owner of his own claimed subject matter shall not affect the rights of other claimants to such subject matter.”

“§ 159. Issue to first applicant

“Notwithstanding the provision of section 156, conditional claims in a patent based on the first application disclosing the subject matter of such conditional claims shall be conditional only to the extent of being subject to cancellation pursuant to section 135 and shall have the same term and immediate effectiveness as ordinary patent claims.”

SEC. 2. This amendment shall take effect ninety days after enactment but shall not affect appeals already pending.

(By order of the chairman, S. 2597, introduced by Senator Dirksen on October 30, 1967, appears as follows:)

[S. 2597, 90th Cong., first sess.]

A BILL For the promotion of the progress of the useful arts by the general revision of the Patent Laws, title 35 of the United States Code, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title 35 of the United States Code, entitled “Patents”, is hereby amended in its entirety to read as follows:

"TITLE 35—PATENTS

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"PART I—PATENT OFFICE

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"Chapter 1.—ESTABLISHMENT, OFFICERS, FUNCTIONS

- "Sec.
- "1. Establishment.
 - "2. Seal.
 - "3. Officers and employees.
 - "4. Restrictions on officers and employees as to interest in patents.
 - "5. Bond of Commissioner and other officers.
 - "6. Duties of Commissioner.
 - "7. Board of Appeals.
 - "8. Library.
 - "9. Classification of patents.
 - "10. Certified copies of records.
 - "11. Publications.
 - "12. Research and studies.

"§ 1. Establishment

"The Patent Office shall be an Office in the Department of Commerce, where records, books, drawings, specifications, and other papers and things pertaining to patents and to trademark registrations shall be kept and preserved, except as otherwise provided by law.

"§ 2. Seal

"The Patent Office shall have a seal with which letters patent, certificates of trademark registrations, and papers issued from the Office shall be authenticated.

"§ 3. Officers and employees

"(a) A Commissioner of Patents, one first assistant commissioner, two other assistant commissioners, and not more than twenty-four examiners-in-chief shall be appointed by the President, by and with the advice and consent of the Senate. The assistant commissioners shall perform the duties pertaining to the office of Commissioner assigned to them by the Commissioner. The first assistant commissioner, or, in the event of a vacancy in that office, the assistant commissioner senior in date of appointment, shall fill the office of Commissioner during a vacancy in that office until a Commissioner is appointed and takes office. The Secretary of Commerce, upon the nomination of the Commissioner in accordance with law, shall appoint all other officers and employees.

"(b) The Secretary of Commerce is authorized to fix the per annum rate of basic compensation of each examiner-in-chief in the Patent Office at not in excess of the maximum scheduled rate provided for positions in grade 17 of the General Schedule of positions referred to in section 5104 of title 5, United States Code, and of the assistant commissioners at not in excess of the rate provided for positions in grade 18.

"§ 4. Restriction on officers and employees as to interest in patents

"Officers and employees of the Patent Office shall be incapable, during the period of their appointments and for one year thereafter, of applying for a patent and of acquiring, directly or indirectly, except by inheritance or bequest, any patent or any right or interest in any patent, issued or to be issued by the Office. In patents applied for thereafter, they shall not be entitled to any priority date earlier than one year after the termination of their appointment.

"§ 5. Bond of Commissioner and other officers

"The Commissioner and such other officers as he designates, before entering upon their duties, shall severally give bond, with sureties, the former in the sum of \$10,000, and the latter in sums prescribed by the Commissioner, conditioned for the faithful discharge of their respective duties and that they shall render to the proper officers of the Treasury a true account of all money received by virtue of their offices.

“§ 6. Duties of Commissioner

“The Commissioner, under the direction of the Secretary of Commerce, shall superintend or perform all duties required by law respecting the granting and issuing of patents and the registration of trademarks; and he shall have charge of property belonging to the Patent Office. He may establish regulations, not inconsistent with law, for the conduct of proceedings in the Patent Office.

“§ 7. Board of Appeals

“(a) The Commissioner, the assistant commissioners, and the examiners-in-chief shall constitute a Board of Appeals in the Patent Office. The examiners-in-chief shall be persons of competent legal knowledge and scientific ability.

“(b) The Board of Appeals shall:

“(1) Review adverse decisions of the examiners upon applications for patents as provided in section 134 of this title.

“(2) Review or consider actions arising under sections 136 and 137 of this title in accordance with regulations established for such purpose.

“(3) Perform the functions specified as being performed by a Board of Patent Interferences in Public Law 593, Eighty-second Congress (ch. 950, 66 Stat. 792, section 1), and in other Acts of Congress and when performing said function shall constitute a Board of Patent Interferences.

“(c) Each appeal or other action shall be heard or considered by at least three members of the Board of Appeals. The Board of Appeals has sole power to grant rehearings.

“(d) Whenever the Commissioner considers it necessary to maintain the work of the Board of Appeals current, he may designate any patent examiner of the primary examiner grade or higher having the requisite ability, to serve as acting examiner-in-chief for periods not exceeding six months each. An examiner so designated shall be qualified to act as a member of the Board of Appeals. Not more than one acting examiner-in-chief shall be a member of the Board of Appeals hearing an appeal or considering a case. The Secretary of Commerce is authorized to fix the per annum rate of basic compensation of each acting examiner-in-chief in the Patent Office at not in excess of the maximum scheduled rate provided for positions in grade 16 of the General Schedule of positions referred to in section 5104 of title 5, United States Code. The per annum rate of basic compensation of each acting examiner-in-chief shall be adjusted, at the close of the period for which he was designated to act as examiner-in-chief, to the per annum rate of basic compensation which he would have been receiving at the close of such period if such designation had not been made.

“§ 8. Library

“The Commissioner shall maintain a library of scientific and other works and periodicals, both foreign and domestic, in the Patent Office to aid the officers in the discharge of their duties.

“§ 9. Classification of patents

“The Commissioner shall maintain a classification by subject matter of published specifications of United States patents and applications and of such other patents and applications and other scientific and technical information as may be necessary or practicable, for the purpose of determining with readiness and accuracy the novelty of inventions for which applications for patent are filed.

“§ 10. Certified copies of record

“The Commissioner may, upon payment of the prescribed fee, furnish certified copies of records of the Patent Office to persons entitled thereto.

“§ 11. Publications

“(a) The Commissioner may publish, or cause to be published, in such format as he shall determine to be suitable under applicable laws and regulations, the following:

“(1) Patent applications and parts thereof, subject to the provisions of this title, patent abstracts and patents, including specifications and drawings, together with copies of the same.

“(2) Certificates of trademark registrations, including statements and drawings, together with copies of the same.

“(3) The Official Gazette of the United States Patent Office.

“(4) Annual indices of patents and patentees, published applications and applicants, and of trademarks and registrants.

"(5) Annual volumes of decisions in patent and trademark cases.

"(6) Classification manuals and indices of the classifications of patents.

"(7) Pamphlet copies of the patent laws and rules of practice, laws and rules relating to trademarks and circulars or other publications relating to the business of the Office.

"(b) The Patent Office may print the headings of the drawings for patents for the purpose of photolithography.

"§ 12. Research and studies

"(a) The Commissioner shall conduct a program of research and development to improve and expedite the handling, classification, storage and retrieval of patents and other scientific and technical information.

"(b) The Commissioner shall conduct and sponsor studies to aid in analyzing the contemporary needs of the patent system and in evaluating the effectiveness of the patent system in serving the public interest.

"Chapter 2.—PROCEEDINGS IN THE PATENT OFFICE

"Sec.

"21. Day for taking action falling on Saturday, Sunday, or holiday.

"22. Printing of papers filed.

"23. Testimony in Patent Office cases.

"24. Subpenas, witnesses.

"25. Oaths; declaration in lieu of oath.

"26. Effect of defective execution.

"§ 21. Day for taking action falling on Saturday, Sunday, or holiday

"When the day, or the last day, for taking any action or paying any fee in the United States Patent Office falls on Saturday, Sunday, or a holiday within the District of Columbia, the action may be taken, or the fee paid, on the next succeeding secular or business day.

"§ 22. Printing of papers filed

"The Commissioner may by regulation prescribe the form, and manner of reproduction, of papers filed in the Patent Office.

"§ 23. Testimony in Patent Office cases

"The Commissioner may establish rules for taking affidavits and depositions required in cases in the Patent Office. Any officer authorized by law to take depositions to be used in the courts of the United States, or of the State where he resides, may take such affidavits and depositions.

"§ 24. Subpenas, witnesses

"The clerk of any United States court for the district wherein testimony is to be taken for use in any contested case in the Patent Office, shall, upon the application of any party thereto, issue a subpoena for any witness residing or being within such district, commanding him to appear and testify before an officer in such district authorized to take depositions and affidavits, at the time and place stated in the subpoena. The provisions of the Federal Rules of Civil Procedure relating to the attendance of witnesses and to the production of documents and things shall apply to contested cases in the Patent Office.

"Every witness subpoenaed and in attendance shall be allowed the fees and traveling expenses allowed to witnesses attending the United States district courts.

"A judge of a court whose clerk issued a subpoena may enforce obedience to the process or punish disobedience as in other like cases, on proof that a witness, served with such subpoena, neglected or refused to appear or to testify. No witness shall be deemed guilty of contempt for disobeying such subpoena unless his fees and traveling expenses in going to, and returning from, and one day's attendance at the place of examination, are paid or tendered to him at the time of the service of the subpoena; nor for refusing to disclose any secret matter except upon appropriate order of the court which issued the subpoena.

"§ 25. Oath; declaration in lieu of oath

"(a) An oath to be filed in the Patent Office may be made before any person within the United States authorized by law to administer oaths, or, when made in a foreign country, before any diplomatic or consular officer of the United States authorized to administer oaths, or before any officer authorized to administer oaths in the foreign country in which the applicant may be, whose authority

shall be proved by certificate of a diplomatic or consular officer of the United States, and such oath shall be valid if it complies with the laws of the state or country where made.

"(b) The Commissioner may by rule prescribe that any document to be filed in the Patent Office and which is required by any law, rule, or other regulation to be under oath may be subscribed to by a written declaration in such form as the Commissioner may prescribe, such declaration to be in lieu of the oath otherwise required.

"(c) Whenever such written declaration is used, the document must warn the declarant that willful false statements and the like are subject to punishment including fine or imprisonment, or both.

"§ 26. Effect of defective execution

"Any document to be filed in the Patent Office and which is required by any law, rule, or other regulation to be executed in a specified manner may be provisionally accepted by the Commissioner despite a defective execution, provided a properly executed document is submitted within such time as may be prescribed.

"Chapter 3.—PRACTICE BEFORE PATENT OFFICE

"Sec.

"31. Regulations for agents and attorneys.

"32. Suspension or exclusion from practice.

"33. Unauthorized representation as practitioner.

"§ 31. Regulations for agents and attorneys

"The Commissioner may prescribe regulations governing the recognition and conduct of agents, attorneys, or other persons representing applicants or other parties before the Patent Office, and may require them, before being recognized as representatives of applicants or other persons, to show that they are of good moral character and reputation and are possessed of the necessary qualifications to render to applicants or other persons valuable service, advice, and assistance in the presentation or prosecution of their applications or other business before the Office. Only members of the bar of a State, territory, District, Commonwealth or Possession of the United States may be recognized as representatives of applicants, or practice before the Patent Office, except those representatives recognized prior to the effective date of this Act.

"§ 32. Suspension or exclusion from practice

"The Commissioner may, after notice and opportunity for a hearing, suspend or exclude, either generally or in any particular case, from further practice before the Patent Office, any person, agent, or attorney shown to be incompetent or disreputable, or guilty of gross misconduct, or who does not comply with the regulations established under section 31 of this title, or who shall, by word, circular, letter, or advertising, with intent to defraud in any manner, deceive, mislead, or threaten any applicant or prospective applicant, or other person having immediate or prospective business before the Office. The reasons for any such suspension or exclusion shall be duly recorded. The United States District Court for the District of Columbia, under such conditions and upon such proceedings as it by its rules determines, may review the action of the Commissioner upon petition of the person so suspended or excluded.

"§ 33. Unauthorized representation as practitioner

"Whoever, not being recognized to practice before the Patent Office holds himself out or permits himself to be held out as so recognized, or as being qualified to prepare or prosecute applications for patent, shall be fined not more than \$1,000 for each offense.

"Chapter 4.—PATENT FEES

"Sec.

"41. Patent fees.

"42. Payment of patent fees; return of excess amounts.

"§ 41. Patent fees

"(a) The Commissioner shall charge the following fees:

"(1) On filing each application for an original patent, except in design cases, \$65; in addition, on filing or on presentation at any other time, \$10 for each claim in independent form which is in excess of one, and \$2 for each claim (whether independent or dependent) which is in excess of ten. Errors in payment of the additional fees may be rectified in accordance with regulations of the Commissioner.

"(2) For publishing under section 123 of this title each application for an original or reissue patent, \$50; in addition, \$10 for each page (or portion thereof) of specification as printed, and \$2 for each sheet of drawing.

"(3) For publishing under section 151 of this title each application for an original or reissue patent which was not previously published under section 123 of this title, \$50; in addition, \$10 for each page (or portion thereof) of specification as printed, and \$2 for each sheet of drawing.

"(4) For publishing under section 151 of this title any changes in an application previously published under section 123 of this title, \$10 for each page (or portion thereof) of changed specification as printed, and \$2 for each sheet of changed drawing.

"(5) For issuing each original or reissue patent, except in design cases, \$50.

"(6) In design cases:

"(a) On filing each design application, \$20.

"(b) On issuing each design patent: For three years and six months, \$10; for seven years, \$20; and for fourteen years, \$30.

"(7) On filing each application for the reissue of a patent, \$65; in addition, on filing or on presentation at any other time, \$10 for each claim in independent form which is in excess of the number of independent claims of the original patent, and \$2 for each claim (whether independent or dependent) which is in excess of ten and also in excess of the number of claims of the original patent. Errors in payment of the additional fees may be rectified in accordance with regulations of the Commissioner.

"(8) On filing each disclaimer, \$15.

"(9) On appeal for the first time from the examiner to the Board of Appeals, \$50; in addition, on filing a brief in support of the appeal, \$50.

"(10) On filing each petition for the revival of an abandoned application for a patent or for the delayed payment of the fee for issuing each patent, \$15.

"(11) For certificate under section 255 or under section 256 of this title, \$15.

"(12) As available and if in print: For uncertified printed copies of specifications and drawings of published applications and patents (except design patents), 50 cents per copy; for design patents, 20 cents per copy; the Commissioner may establish a charge not to exceed \$1 per copy for published application and patents in excess of twenty-five pages of drawings and specifications and for plant patents printed in color; special rates for public libraries in the United States which maintain copies of patents for use of the public, \$50 for patents issued in one year. The Commissioner may, without charge, provide applicants with copies of specifications and drawings of published applications and patents when referred to in a notice under section 132.

"(13) For recording every assignment, agreement, or other paper relating to the property in a patent or application, \$20; where the document relates to more than one patent or application, \$3 for each additional item.

"(14) For each certificate, \$1.

"(15) For delayed payment pursuant to section 151 (d) of this title, \$25.

"(b) The Commissioner may establish charges for copies of records, publications, or services furnished by the Patent Office, not specified above.

"(c) The fees prescribed by or under this section shall apply to any other Government department or agency, or officer thereof, except that the Commissioner may waive the payment of any fee for services or materials in cases of occasional or incidental requests by a Government department or agency, or officer thereof.

"(d) The Commissioner shall prescribe by regulations, consistent with the provisions of this title, the time for payment of the fees to be paid under this title. If payment of the fees in connection with the examination, publication or issuance of a patent application are not timely made, the application shall be regarded as abandoned. An applicant shall be given at least thirty days following notice of a fee due pursuant to section 123 or 151 of this title in which to pay the fee.

"(e) The Commissioner may prescribe by regulations when copies of Patent Office records and publications may be provided without charge or in exchange for records or publications of foreign countries.

"§ 42. Payment of fees; return of excess amounts

"All fees shall be paid to the Commissioner, who shall deposit the same in the Treasury of the United States in such manner as the Secretary of the Treasury directs, and the Commissioner may refund any sum paid by mistake or in excess of the fee required.

"PART II—PATENTABILITY OF INVENTIONS AND GRANT OF PATENTS

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"Chapter 10.—PATENTABILITY OF INVENTIONS

"Sec.

"100. Definitions.

"101. Right to patent; inventions patentable.

"102. Conditions for patentability; novelty and loss of right to patent.

"103. Conditions for patentability; nonobvious subject matter.

"104. Invention made abroad.

"107. Abandonment of invention.

"§ 100. Definitions

"When used in this title, unless the context otherwise indicates—

"(a) The term 'invention' means invention or discovery.

"(b) The term 'process' means process, art or method and includes a new use of a known process, machine, manufacture, composition of matter, or material.

"(c) The terms 'United States' and 'this country' means the United States of America, its territories and possessions, and the Commonwealth of Puerto Rico.

"(d) The term 'applicant' means any person who has filed or who owns an application for patent as provided in this title.

"(e) The term 'patentee' includes not only the person to whom the patent was issued but also the successors in title to such person.

"(f) The term 'effective filing date,' when used in reference to an application for patent, includes the filing date to which such application, or the subject matter of any claim thereof, may be entitled under the provisions of section 119 or 120 of this title. An application or the resulting patent may contain separate claims for subject matter having different effective filing dates.

"(g) The term 'useful' shall include, but shall not be limited to, utility in agriculture, commerce, industry, health, or research.

"(h) The term 'prior art' means:

"(1) A published United States patent application or United States patent of another which has an actual filing date in the United States before the invention thereof by the inventor named in the applicant's application; or

"(2) Subject matter known or used by others in this country before the invention thereof by the inventor named in the applicant's application; or

"(3) A patent or publication in this or a foreign country reasonably available before the invention by the inventor named in the applicant's application, or more than one year prior to the effective filing date of the application for patent in the United States; or

"(4) Subject matter sold or in public use in this country more than one year prior to the effective filing date of the application for patent in the United States.

"§ 101. Right to patent: inventions patentable

"Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, or his successor in title, may obtain a patent therefor, subject to the conditions and requirements of this title.

"§ 102. Conditions for patentability; novelty and loss of right to patent

"An applicant shall be entitled to a patent unless:

"(a) The invention sought to be patented is identically disclosed or described by the prior art; or

"(b) The applicant has abandoned the invention; or

"(c) The invention was first patented or caused to be patented by the applicant or his legal representatives or assigns in a foreign country prior to the date of the application for patent in this country on an application filed more than twelve months before the filing of the application in the United States; or

"(d) The inventor named in the applicant's application did not himself invent the subject matter sought to be patented; or

"(c) Before the invention thereof by the inventor named in the applicant's application, the invention was made in this country by another who had not abandoned, suppressed, or concealed it. In determining priority of invention, there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from time prior to conception by the other.

"§ 103. Conditions for patentability; nonobvious subject matter

"A patent may not be obtained though the invention is not identically disclosed or described in the prior art if the differences between the subject matter sought to be patented and the prior art are such that said subject matter as a whole would have been obvious at the time the invention was made, or more than one year prior to the effective filing date of the application, to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

"§ 104. Invention made abroad

"In proceedings in the Patent Office and in the courts, an applicant for a patent, or a patentee, may not establish a date of invention by reference to knowledge or use thereof, or other activity with respect thereto, in a foreign country, except as provided in section 119 of this title. Where an invention was made by a person, civil or military, while domiciled in the United States and serving in a foreign country in connection with operations by or on behalf of the United States, he shall be entitled to the same rights of priority with respect to such invention as if the same had been made in the United States.

"§ 107. Abandonment of invention

"(a) Abandonment of an application for patent does not of itself establish abandonment of an invention disclosed therein.

"(b) Publication of an application under the provisions of section 123 or 151 of this title refutes any inference that an invention disclosed therein was abandoned after the effective filing date thereof.

"Chapter 11.—APPLICATION FOR PATENT

"Sec.

"111. Application for patent.

"112. Specification.

"113. Drawings.

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"115. Oath of applicant.

"116. Joint inventors.

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"119. Benefit of earlier filing date in foreign country; right of priority.

"120. Benefit of earlier filing date in the United States.

"121. Divisional applications.

"122. Confidential status of application.

"123. Publication.

"§ 111. Application for patent

"(a) An application for patent may be filed by either the inventor or the owner of the invention sought to be patented. The application shall be made in writing to the Commissioner, shall be signed by the applicant and shall include or be amended to include the name of each person believed to have made an inventive contribution, and shall be accompanied by the prescribed fee. An application filed by a person not the inventor shall include, at the time of filing, a statement of the facts supporting the allegation of ownership of the invention, which statement may be amended.

"(b) For purposes of filing a patent application and securing a filing date, an application may be signed by an agent of the inventor or owner provided the application is ratified by the signature of the inventor or owner within six months thereafter.

"(c) When the application is signed by the owner or his agent, the owner, within ten days after filing an application for patent, shall serve a copy of the application on the inventor; service may be effected by mailing a copy of the application, first class mail, to the last known address of the inventor.

"(d) An application for patent shall include:

"(1) A specification as prescribed by section 112 of this title;

"(2) A drawing as prescribed by section 113 of this title; and

“(3) An oath prescribed by section 115 of this title.

“(e) In an application, omission of an inventor's name or inclusion of the name of one not an inventor, without deceptive intent, may be corrected at any time, in accordance with regulations established by the Commissioner.

“(f) When the Commissioner requires or publishes an abstract of the technical disclosure of an application, such abstract shall not be used either in the Patent Office or after the issuance of a patent to determine or interpret the scope of the invention claimed.

“§ 112. Specification

“(a) The specification shall contain a written description of the invention, and of the manner and process of making it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make the same, and shall set forth the best mode contemplated by the applicant of carrying out the invention. The specifications shall also indicate the use of said invention.

“(b) The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant desires to secure by letters patent. A claim may be written in independent or dependent form, and if in dependent form, it shall be construed to include all the limitations of the claim incorporated by reference into the dependent claim.

“(c) An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof, and such claim shall be construed to cover the corresponding structure, materials, or acts described in the specification and equivalents thereof.

“§ 113. Drawings

“When the nature of the case admits, the applicant shall furnish a drawing.

“§ 114. Models, specimens

“The Commissioner may require the applicant to furnish a model or specimen of convenient size to exhibit advantageously the several parts of his invention.

“When the invention is related to a composition of matter, the Commissioner may require the applicant to furnish specimens or ingredients for the purpose of inspection or experiment.

“§ 115. Oath of applicant

“(a) The applicant, if he is the inventor, shall make oath that he believes himself to be the original and first inventor of the subject matter sought to be patented and shall state of what country he is a citizen.

“(b) The applicant, if he is not the inventor, shall make an oath that he believes the named inventor to be the original and first inventor of the subject matter sought to be patented and shall state of what country the named inventor is a citizen; such oath shall verify the statement of facts supporting the allegation of ownership of the invention.

“(c) The applicant of an application filed pursuant to section 117 of this title may make the oath required by subsection (b) of this section, so varied in form that it can be made by him.

“§ 116. Joint inventors

“(a) When two or more persons have made inventive contributions to subject matter claimed in an application, they shall apply for a patent jointly and each sign the application and make the required oath, or, if the application is filed by some other person having the right to do so, they shall be named as the inventors.

“(b) In an application for patent for a joint invention, it shall not be necessary for each person named as joint inventor to be a joint inventor of the invention asserted in each claim.

“(c) If a joint inventor refuses to join in an application for patent or cannot be found or reached after diligent effort, the application may be made by the other inventor on behalf of himself and the omitted inventor. The Commissioner, on proof of the pertinent facts and after such notice to the omitted inventor as he prescribes, may publish the application and grant a patent to the inventor making the application, subject to the same rights which the omitted inventor would have had if he had been joined. The omitted inventor may subsequently join in the application.

“§ 117. Death or incapacity of inventor

“Legal representatives of deceased inventors and of those under legal incapacity may make application for patent upon compliance with the requirements and on the same terms and conditions applicable to the inventor.

“§ 119. Benefit of earlier filing date in foreign country; right of priority

“(a) An application for patent for an invention filed in this country by any person who has, or whose predecessor or successor in title has, previously regularly filed an application for a patent for the same invention by the same inventor in a foreign country which affords similar privileges in the case of applications filed in the United States or to citizens of the United States, shall have the same effect as the same application would have if filed in the United States on the date on which the application for patent for the same invention was first filed in any such foreign country, if the application in this country is filed within twelve months from the earliest date on which such foreign application was filed.

“(b) No application shall be entitled to a right of priority under this section, unless the applicant makes a claim therefor at the time the application is filed and complies with such requirements as the Commissioner may prescribe by regulations; amendment of such claim may be made during examination or reexamination of the application as provided in chapter 12 of this title.

“(c) In like manner and subject to the same conditions and requirements, the right provided in this section may be based upon a subsequent regularly filed application in the same foreign country instead of the first filed foreign application, provided that any foreign application filed prior to such subsequent application has been withdrawn, abandoned, or otherwise disposed of, without having been laid open to public inspection and without leaving any rights outstanding, and has not served, nor thereafter shall serve, as a basis for claiming a right of priority.

“§ 120. Benefit of earlier filing date in the United States

“(a) An application for patent for an invention shall have the same effect as to such invention as though filed on the date a prior application was filed, or the date to which a prior application is directly or indirectly entitled under this subsection (a) or under section 119 of this title, if:

- “(1) The two applications have the same applicant;
- “(2) The invention is disclosed in the prior application in the manner provided by the first paragraph of section 112 of this title;
- “(3) The later application is filed before the abandonment of, or the issuance of a patent on, the prior application, and
- “(4) The applicant specifically claims the benefit of such date for subject matter claimed in the later application at the time of filing the later application, or by amendment thereof.

“(b) The Commissioner may by regulation dispense with signing and execution in the case of an application directed solely to subject matter described in a prior application of the same applicant.

“§ 121. Divisional applications

“(a) If two or more independent and distinct inventions are claimed in one application, the Commissioner may require the application to be restricted to one of them. A requirement for an election of species is a requirement for restriction and, in the event of such requirement, each separate species shall be considered a separate and distinct invention.

“(b) The validity of a patent may not be questioned for failure of the Commissioner to require the application to be restricted under subsection (a) of this section, nor may the validity of either of two or more patents resulting from and in accordance with a requirement under said subsection (a) be questioned solely because of the existence of several patents, if the subsequent application is filed in accordance with the provisions of section 120 of this chapter.

“§ 122. Confidential status of applications

“Applications for patents shall be kept in confidence by the Patent Office and no information concerning the same given without authority of the applicant or owner unless necessary to carry out the provisions of any Act of Congress or in such special circumstances as may be determined by the Commissioner.

"§ 123. Publication

"(a) An applicant may, upon the payment of the prescribed fee, request publication of his pending application and publication of the pending application shall occur as soon as practicable after the request.

"(b) Before publication of an application under this section, the applicant may be required, subject to sections 132 and 133 of this title, to place the application in proper form for publication.

"Chapter 12.—EXAMINATION OF APPLICATION

"Sec.

"131. Examination of application.

"132. Notice of rejection; reexamination.

"133. Time for prosecuting application.

"134. Appeal to the Board of Appeals.

"136. Reexamination after publication.

"137. Priority of invention.

"§ 131. Examination of application

"The Commissioner shall cause an examination to be made of the application and the alleged new invention; and if on such examination it is determined that the applicant is entitled to a patent under the law, the Commissioner shall issue a patent therefor as hereinafter provided. The granting of a patent shall not be refused solely on the ground that if it occurred there would then exist more than one patent for the same invention where the patents will expire on the same date as a result of filing on the same date or as a result of a terminal disclaimer pursuant to section 253 of this title, so long as the right to sue for infringement of said patents is in the same legal entity. Insofar as reasonably feasible, the examination shall be in the order of the application's earliest effective filing date.

"§ 132. Notice of rejection; reexamination

"Whenever, on examination, any claim of an application is rejected, or any objection or requirement made, the Commissioner shall notify the applicant thereof, stating the reasons therefor, together with such information and references as may be useful in judging the propriety of continuing the prosecution of the application; and if after receiving such notice, the applicant requests reexamination, with or without amendment, the application shall be reexamined. No amendment shall introduce new matter into the disclosure of the invention.

"§ 133. Time for prosecuting application

"Upon failure of the applicant to prosecute the application within six months after any action therein, of which notice has been given or mailed to the applicant, or within such shorter time, not less than thirty days, as fixed by the Commissioner in such action, the application shall be regarded as abandoned by the parties thereto, unless it be shown to the satisfaction of the Commissioner that such delay was unavoidable.

"§ 134. Appeal to the Board of Appeals

"An applicant for a patent, any of whose claims has been finally or twice rejected, may appeal from the decision of the primary examiner to the Board of Appeals, having once paid the fee for such appeal.

"§ 136. Reexamination after publication

"(a) Any person may notify the Commissioner of patents or publications which may have a bearing on the patentability of a published application, and the Commissioner may cause the application to be examined or reexamined in the light thereof.

"(b) If such notification explains in writing the pertinency of the patents or publications cited and is received within three months, or within such longer time as the Commissioner appoints but not more than six months, after publication of the application under section 151 of this title, the citations shall be considered by the Patent Office; such consideration shall be an examination in accordance with sections 131 and 132 hereof.

"(c) The identity of the person making the citations under subsection (a) or (b) of this section shall be kept in confidence by the Patent Office, and no information concerning the same shall be given without the authority of such person, unless necessary to carry out the provisions of an Act of Congress or in such special circumstances as may be determined by the Commissioner.

"(d) Any person may notify the Commissioner within such time as the Commissioner appoints, not less than three months nor more than six months after publication of an application under section 151 of this title, that:

"(1) Subject matter had been sold or was in public use in the United States which disclosed the invention claimed in such application more than one year prior to the effective filing date of the application; or

"(2) The inventor named in such application did not himself invent the subject matter sought to be patented; or

"(3) Before the invention thereof by the inventor named in the application, the invention was made in this country by another who had not abandoned, suppressed or concealed it.

If such person within the time specified above makes a prima facie showing and offers to present evidence in support of such showing, the matter shall be determined in such proceedings as the Commissioner shall establish by regulations. Such regulations shall require consideration or review by the Board of Appeals and shall prescribe for matters under subsections (d) (2) and (d) (3) of this section the same kind of proceeding.

"(e) A refusal of the Commissioner to reject any claim of an application on the basis of a notification under this section shall not be subject to direct judicial review, except that an applicant claiming the same subject matter as that involved in a proceeding under subsection (d) (2) or (d) (3) of this section may include such refusal on appeal under section 134 of this title and when seeking review under chapter 13 of this title.

"(f) Whether or not any person chooses to proceed in accordance with the provisions of this section, he shall not be foreclosed or in any way prejudiced with respect to asserting comparable grounds in defense of an infringement suit or as a basis of affirmative relief under declaratory judgment proceedings.

"§ 137. Priority of invention

"(a) Whenever a claim of an otherwise allowable application is for the same invention as a claim of an issued patent, or for the substance thereof, and the applicant makes a prima facie showing that before the effective filing date of the application for said patent, the inventor named in the said application made the invention in the United States and has not abandoned, suppressed or concealed it, and the applicant offers to present evidence in support of such showing, the matter of priority of invention under section 102(e) of this title shall be determined in such proceedings as the Commissioner, shall establish by regulation pursuant to section 136(d) of this chapter.

"(b) A claim for the same subject matter as a claim of an issued patent, or for the substance thereof, may not be made in any application unless such claim is made prior to six months after the date on which the patent was granted.

"Chapter 13.—REVIEW OF PATENT OFFICE DECISIONS

"Sec.

"141. Appeal to Court of Customs and Patent Appeals.

"142. Notice of appeal.

"143. Proceedings on appeal.

"144. Decision on appeal.

"145. Civil action.

"§ 141. Appeal to Court of Customs and Patent Appeals

"(a) An applicant, or his successor in title, dissatisfied with the decision of the Board of Appeals refusing a patent or any claim, may appeal to the United States Court of Customs and Patent Appeals, thereby waiving his right to proceed under section 145 of this title.

"(b) An applicant, or his successor in title, dissatisfied with the decision of the Board of Appeals in a proceeding involving another applicant under section 136(d) (2), 136(d) (3), or 137 of this title, may appeal to the United States Court of Customs and Patent Appeals.

"§ 142. Notice of appeal

"When an appeal is taken to the United States Court of Customs and Patent Appeals, the appellant shall file in the Patent Office a written notice of appeal directed to the Commissioner, within such time after the date of the decision appealed from, not less than sixty days, as the Commissioner appoints.

"§ 143. Proceedings on appeal

"The Patent Office shall transmit to the United States Court of Customs and Patent Appeals certified copies of all the necessary papers and evidence desig-

nated by the appellant and any additional papers and evidence designated by the Commissioner or the appellee. The court shall, before hearing an appeal, give notice of the time and place of the hearing to the Commissioner and the parties thereto.

“§ 144. Decision on appeal

“The United States Court of Customs and Patent Appeals shall hear and determine such appeal on the evidence produced before the Patent Office and transmitted to the court under the provisions of section 143 of this title. Upon its determination, the court shall return to the Commissioner a certificate of its proceedings and decision, which shall be entered of record in the Patent Office and govern the further proceedings in the case.

“§ 145. Civil action

“An applicant, or his successor in title, dissatisfied with the decision of the Board of Appeals refusing a patent or any claim, may, unless appeal has been taken to the United States Court of Customs and Patent Appeals under section 141 of this title, have remedy by civil action against the Commissioner in the United States Court of Customs and Patent Appeals if commenced within such time after such decision, not less than sixty days, as the Commissioner appoints. The court may adjudge that such applicant is entitled to receive a patent for his invention, as specified in any of his claims involved in the decision of the Board of Appeals, as the facts in the case may appear, and such adjudication shall be entered of record in the Patent Office and govern further proceedings in the case.

“Chapter 14.—ISSUE OF PATENT

“Sec.

“151. Publication and issue of patents.

“153. How issued.

“154. Contents and terms of patent.

“§ 151. Publication and issue of patent

“(a) If it is determined that an applicant is entitled to a patent under the law, a written notice of allowance of the application shall be given or mailed to the applicant. The notice shall specify a publication fee and an issue fee; upon payment of the publication fee within the time established, the application shall be published.

“(b) Applications which have been published under section 123, of this title need not be published in full under this section, but in lieu thereof a notice that the application has been allowed together with any changes may be published.

“(c) If no action under section 136 of this title had been taken, and provided the fee prescribed for issuance of a patent has been paid within the time established, the Commissioner shall issue the patent. If an action under section 136 of this title has been commenced, the patent shall be issued after the conclusion of the proceedings if then warranted.

“(d) If any payment required by this section is not timely made, but is submitted with the fee for delayed payment within three months after the due date and sufficient cause is shown for the late payment, it may be accepted by the Commissioner as though no abandonment or lapse had ever occurred.

“§ 153. How issued

“Patents shall be issued in the name of the United States of America, under the seal of the Patent Office, and shall be signed by the Commissioner or have his signature placed thereon, and shall be recorded in the Patent Office.

“§ 154. Contents and term of patent

“(a) Every patent shall contain a grant to the applicant, his heirs or assigns, of the right, during the term of the patent to exclude others from making, using, or selling the invention throughout the United States, referring to the specification for the particulars thereof. A copy of the specification and drawings shall be annexed to the patent and be a part thereof.

“(b) The terms of a patent shall expire twenty years from the date of filing the application in the United States or, if the benefit of the filing date in the United States of a prior application is claimed, from the earliest such prior date claimed. In determining the term of the patent, the date of filing any application in a foreign country which may be claimed by the applicant shall not be taken into consideration.

“Chapter 15.—PLANT PATENTS

“Sec.

“161. Patents for plants.

“162. Description, claim.

“163. Grant.

“164. Assistance of Department of Agriculture.

“§ 161. Patents for plants

“(a) Whoever invents or discovers and asexually reproduces any distinct and new variety of plant including cultivated sports, mutants, hybrids, and newly found seedlings, other than a tuber propagated plant or a plant found in an uncultivated state, may obtain a patent therefor, subject to the conditions and requirements of this title.

“(b) The provisions of this title relating to patents for inventions shall apply to patents for plants, except as otherwise provided.

“(c) The provisions of this title relating to any publication of applications under sections 123 and 151 shall not apply to applications for patents for plants.

“§ 162. Description, claim

“No plant patent shall be declared invalid for noncompliance with section 112 of this title if the description is as complete as is reasonably possible.

“The claim in the specification shall be in formal terms to the plant shown and described.

“§ 163. Grant

“In the case of a plant patent the grant shall be of the right to exclude others from asexually reproducing the plant or selling or using the plant so reproduced.

“§ 164. Assistance of Department of Agriculture

“The President may by Executive Order direct the Secretary of Agriculture, in accordance with the requests of the Commissioner, for the purpose of carrying into effect the provisions of this title with respect to plants (1) to furnish available information of the Department of Agriculture, (2) to conduct the appropriate bureau or division of the Department research upon special problems, or (3) to detail to the Commissioner officers and employees of the Department.

“Chapter 16.—DESIGNS

“Sec.

“171. Patents for designs.

“172. Right of priority.

“173. Term of design patent.

“§ 171. Patents for designs

“(a) Whoever invents any new, original and ornamental design for an article of manufacture may obtain a patent therefor, subject to the conditions and requirements of this title.

“(b) The provisions of this title relating to patents for inventions shall apply to patents for designs, except as otherwise provided.

“(c) The provisions of this title relating to any publication of applications under sections 123 and 151 shall not apply to applications for patents for designs.

“§ 172. Right of priority

“The right of priority provided for by section 119 of this title, and the time specified in section 102(c) of this title shall be six months in the case of designs.

“§ 173. Term of design patent

“Patents for designs may be granted for a term measured from the date of issue of three years and six months, or of seven years, or of fourteen years, as the applicant, in his application, elects.

“Chapter 17.—SECRECY OF CERTAIN INVENTIONS AND FILING APPLICATIONS IN FOREIGN COUNTRIES

“Sec.

“181. Secrecy of certain inventions and withholding of patent.

“182. Abandonment of invention for unauthorized disclosure.

“183. Right of compensation.

“184. Filing of application in foreign country.

“185. Patent barred for filing without license.

“186. Penalty.

“187. Nonapplicability to certain persons.

“188. Rules and regulations, delegation of power.

"§ 181. Secrecy of certain inventions and withholding of patent

"(a) Whenever publication or disclosure of an invention in which the Government has a property interest might, in the opinion of the head of an interested Government agency, be detrimental to the national security, the Commissioner upon being so notified shall order that the invention be kept secret and shall withhold publication thereof and the grant of a patent under the conditions forth hereinafter.

"(b) Whenever the publication or disclosure of an invention in which the Government does not have a property interest, might, in the opinion of the Commissioner, be detrimental to the national security, he shall make the application for patent in which such invention is disclosed available for inspection to the Atomic Energy Commission, the Secretary of Defense, and the chief officer of any other department or agency of the Government designated by the President as a defense agency of the United States.

"(c) Each individual to whom the application is disclosed shall sign a dated acknowledgment thereof, which acknowledgment shall be entered in the file of the application. If, in the opinion of the Atomic Energy Commission, the Secretary of a Defense Department, or the chief officer of another department or agency so designated, the publication or disclosure of the invention would be detrimental to the national security, the Atomic Energy Commission, the Secretary of a Defense Department, or such other chief officer shall notify the Commissioner and the Commissioner shall order that the invention be kept secret and shall withhold publication and the grant of a patent for such period as the national interest requires, and notify the applicant thereof. Upon proper showing by the head of the department or agency who caused the secrecy order to be issued that the examination of the application might jeopardize the national interest, the Commissioner shall thereupon maintain the application in a sealed condition and notify the applicant thereof. The applicant whose application has been placed under a secrecy order shall have a right to appeal from the order to the Secretary of Commerce under rules prescribed by him.

"(d) An invention shall not be ordered kept secret and publication withheld for a period of more than one year. The Commissioner shall renew the order at the end thereof, or at the end of any renewal period, for additional periods of one year upon notification by the head of the department or the chief officer of the agency who caused the order to be issued that an affirmative determination has been made that the national interest continues so to require. An order in effect, or issued during a time when the United States is at war shall remain in effect for the duration of hostilities and one year following cessation of hostilities. An order in effect, or issued, during a national emergency declared by the President shall remain in effect for the duration of the national emergency and six months thereafter. The Commissioner may rescind any order upon notification by the heads of the departments and the chief officers of the agencies who caused the order to be issued that the publication or disclosure of the invention is no longer deemed detrimental to the national security.

"§ 182. Abandonment of invention for unauthorized disclosure

"The invention disclosed in an application for patent subject to an order made pursuant to section 181 of this title may be held abandoned upon its being established by the Commissioner that in violation of said order the invention has been published or disclosed or that an application for a patent therefor has been filed in a foreign country by the inventor, his successors, assigns, or legal representatives, or anyone in privity with him or them, without the consent of the Commissioner. The abandonment shall be held to have occurred as of the time of violation. The consent of the Commissioner shall not be given without the concurrence of the heads of the departments and the chief officers of the agencies who caused the order to be issued. A holding of abandonment shall constitute forfeiture by the applicant, his successors, assigns, or legal representatives, or anyone in privity with him or them, of all claims against the United States based upon such invention.

"§ 183. Right to compensation

"An applicant, his successors, assigns, or legal representatives, whose patent is withheld as herein provided, shall have the right, beginning at the date the applicant is notified that, except for such order, his application is otherwise in condition for allowance, or February 1, 1952, whichever is later, and ending

six years after a patent is issued thereon, to apply to the head of any department or agency who caused the order to be issued for compensation for the damage caused by the order of secrecy and/or for the use of the invention by the Government, resulting from his disclosure. The right to compensation for use shall begin on the date of the first use of the invention by the Government. The head of the department or agency is authorized, upon the presentation of a claim, to enter into an agreement with the applicant, his successors, assigns, or legal representatives, in full settlement for the damage and/or use. This settlement agreement shall be conclusive for all purposes notwithstanding any other provision of law to the contrary. If full settlement of the claim cannot be effected, the head of the department or agency may award and pay to such applicant, his successors, assigns, or legal representatives, a sum not exceeding 75 per centum of the sum which the head of the department or agency considers just compensation for the damage and/or use. A claimant may bring suit against the United States in the Court of Claims or in the District Court of the United States for the district in which such claimant is a resident for an amount which when added to the award shall constitute just compensation for the damage and/or use of the invention by the Government. The owner of any patent issued upon an application that was subject to a secrecy order issued pursuant to section 181 of this title, who did not apply for compensation as above provided, shall have the right, after the date of issuance of such patent to bring suit in the Court of Claims for just compensation for the damage caused by reason of the order of secrecy and/or use by the Government of the invention resulting from his disclosure. The right to compensation for use shall begin on the date of the first use of the invention by the Government. In a suit under the provisions of this section the United States may avail itself of all defenses it may plead in an action under section 1498 of title 28. This section shall not confer a right of action on anyone or his successors, assigns, or legal representatives who, while in the full-time employment or service of the United States, discovered, invented, or developed the invention on which the claim is based.

"§ 184. Filing of application in foreign country

"(a) Except when authorized by a license obtained from, or a general license established by, the Commissioner, a person shall not file or cause or authorize to be filed in any foreign country an application for patent or for the registration of a utility model, industrial design or model in respect of an invention made in this country prior to six months after filing an application for patent on the same invention under section 111 of this title, or prior to four months after filing an application for patent on the same ornamental design under section 171 of this title. The Patent Office is hereby established as the sole governmental agency to grant a license or establish a general license. A license shall not be granted with respect to an invention subject to an order issued by the Commissioner pursuant to section 181 of this title without the concurrence of the heads of the departments and the chief officers of the agencies who caused the order to be issued. Upon compliance with regulations established by the Commissioner, a license shall be granted retroactively where an application has been filed abroad and the application does not disclose an invention within the scope of section 181 of this title.

"(b) The term 'application' when used in this chapter includes applications and any modifications, amendments, or supplements thereto, or divisions thereof.

"(c) No license shall be required subsequent to the filing of a foreign application for any modifications, amendments or supplements to that foreign application, or divisions thereof, which do not alter the nature of the invention originally disclosed, which are within the scope of the invention originally disclosed, and where the filing of the foreign application originally complied with the provisions of this section.

"(d) A retroactive license may be granted at any time notwithstanding the fact that a corresponding United States application has matured into a patent. Such license shall have the same force and effect as if granted during the pendency of the application.

"§ 185. Patent barred for filing without license

"Notwithstanding any other provisions of law any person, and his successors, assigns, or legal representative, shall not receive a United States patent for an invention if that person, or his successors, assigns, or legal representatives

shall, without procuring the license prescribed in section 184 of this title, have made, or consented to or assisted another's making, application in a foreign country for a patent or for the registration of a utility model, industrial design, or model in respect of the invention. A United States patent issued to such person, his successors, assigns, or legal representatives may be held invalid by a court of competent jurisdiction, or such court may order the issuance of a retroactive license under section 184 of this title.

“§ 186. Penalty

“Whoever, during the period or periods of time an invention has been ordered to be kept secret and the grant of a patent thereon withheld pursuant to section 181 of this title, shall, with knowledge of such order and without due authorization, willfully publish or disclose or authorize or cause to be published or disclosed the invention, or material information with respect thereto, or whoever, in violation of the provisions of section 184 of this title, shall file or cause or authorize to be filed in any foreign country an application for patent or for the registration of a utility model, industrial design, or model in respect of any invention made in the United States, shall, upon conviction, be fined not more than \$10,000 or imprisoned for not more than two years, or both.

“§ 187. Nonapplicability to certain persons

“The prohibitions and penalties of this chapter shall not apply to any officer or agent of the United States acting within the scope of his authority, nor to any person acting upon his written instructions or permission.

“§ 188. Rules and regulations, delegation of power

“The Atomic Energy Commission, the Secretary of a Defense Department, the chief officer of any other department or agency of the Government designated by the President as a defense agency of the United States, and the Secretary of Commerce, may separately issue rules and regulations to enable the respective department or agency to carry out the provisions of this chapter, and may delegate any power conferred by this chapter.

“PART III—PATENTS AND PROTECTION OF PATENT RIGHTS

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“Chapter 25.—AMENDMENT AND CORRECTION OF PATENTS

“Sec.

- “251. Reissue of defective patents.
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- “253. Disclaimer.
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- “256. Correction of named inventor.

“§ 251. Reissue of defective patents

“(a) Whenever any patent is, through error without any deceptive intention, deemed wholly or partly inoperative or invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent, the Commissioner shall, on the surrender of such patent and the payment of the fee required by law, reissue the patent for the invention disclosed in the original patent, and in accordance with a new and amended application, for the unexpired part of the term of the original patent. No new matter shall be introduced into the application for reissue.

“(b) The provisions of chapter 12, 13, and 14 of this title relating to applications for patent shall be applicable to applications for reissue of a patent.

“(c) No reissued patent shall be granted enlarging the scope of the claims of the original patent, unless applied for within one year from the grant of the original patent, except to claim the same subject matter as a claim of an issued patent pursuant to section 137 of this title.

“§ 252. Effect of reissue

“(a) The surrender of the original patent shall take effect upon the issue of the reissued patent, and every reissued patent shall have the same effect and operation in law, on the trial of actions for causes thereafter arising, as if the

same had been originally granted in such amended form, but insofar as the claims of the original and reissued patents are identical, such surrender shall not affect any action then existing, and the reissued patent, to the extent that its claims are identical with the original patent, shall constitute a continuation thereof and have effect continuously from the date of the original patent.

"(b) No reissued patent shall abridge or affect the right of any person or his successors in business who made, purchased or used prior to the grant of a reissue anything patented by the reissued patent, to continue the use of, or to sell to others to be used or sold, the specific thing so made, purchased or used, unless the making, using or selling of such thing infringes a valid claim of the reissued patent which was in the original patent. The court before which such matters is in question may provide for the continued manufacture, use or sale of the thing made, purchased or used as specified, or for the manufacture, use or sale of which substantial preparation was made before the grant of the reissue, and it may also provide for the continued practice of any process patented by the reissue, practiced, or for the practice of which substantial preparation was made, prior to the grant of the reissue, to the extent and under such terms as the court deems equitable for the protection of investments made or business commenced before the grant of the reissue.

"§ 253. Disclaimer

"(a) Whenever, without any deceptive intention, a claim of a patent is invalid the remaining claims shall not thereby be rendered invalid. A patentee, whether of the whole or any sectional interest therein, may, on payment of the fee required by law, make disclaimer of any complete claim, stating therein the extent of his interest in such patent. Such disclaimer shall be in writing and recorded in the Patent Office; and it shall thereafter be considered as part of the original patent to the extent of the interest possessed by the disclaimant and by those claiming under him.

"(b) In like manner any patentee or applicant may disclaim or dedicate to the public the entire term, or any terminal part of the term, of the patent granted or to be granted.

"§ 254. Certificate of correction of Patent Office mistake

"Whenever a mistake in a patent, incurred through the fault of the Patent Office, is clearly disclosed by the records of the Office, the Commissioner may issue a certificate of correction stating the fact and nature of such mistake, under seal, without charge, to be recorded in the records of patents. A printed copy thereof shall be attached to each printed copy of the patent, and such certificate shall be considered as part of the original patent. Every such patent, together with such certificate, shall have the same effect and operation in law on the trial of actions for causes thereafter arising as if the same had been originally issued in such corrected form. The Commissioner may issue a corrected patent without charge in lieu of and with like effect as a certificate of correction.

"§ 255. Certificate of correction of applicant's mistake

"Whenever a mistake of a clerical or typographical nature, or of minor character, which was not the fault of the Patent Office, appears in a patent and a showing has been made that such mistake occurred in good faith, the Commissioner may, upon payment of the required fee, issue a certificate of correction, if the correction does not involve such changes in the patent as would require reexamination. Such patent, together with the certificate, shall have the same effect and operation in law on the trial of actions of causes thereafter arising as if the same had been originally issued in such corrected form.

"§ 256. Correction of named inventor

"Omission of an inventor's name or inclusion of the name of a person not an inventor, without deceptive intent shall not affect validity of a patent, and may be corrected at any time by the Commissioner in accordance with regulations established by him or upon order of a Federal court before which the matter is called in question. Upon such correction the Commissioner shall issue a certificate accordingly.

"Chapter 26.—OWNERSHIP AND ASSIGNMENT

"Sec.

"261. Joint owners.

"262. Joint owners.

"263. Transferable nature of patent rights.

"§ 261. Ownership; assignment

"(a) Subject to the provisions of this title, patents shall have the attributes of personal property.

"(b) Applications for patent, patents, or any interest therein, shall be assignable in law by an instrument in writing. The applicant, patentee, or his assigns or legal representatives may in like manner grant and convey an exclusive right under his application for patent, or patents, to the whole or any specified part of the United States.

"(c) A certificate of acknowledgment under the hand and official seal of a person authorized to administer oaths within the United States, or in a foreign country, of a diplomatic or consular officer of the United States or an officer authorized to administer oaths whose authority is proved by a certificate of a diplomatic or consular officer of the United States, shall be prima facie evidence of the execution of an assignment, grant or conveyance of a patent or application for patent.

"(d) An assignment, grant or conveyance shall be void as against any subsequent purchaser or mortgagee for a valuable consideration, without notice, unless it is recorded in the Patent Office within three months from its date or prior to the date of such subsequent purchase or mortgage.

"§ 262. Joint owners

"In the absence of any agreement to the contrary, each of the joint owners of a patent may make, use or sell the patented invention without the consent of and without accounting to the other owners.

"§ 263. Transferable nature of patent rights

"(a) Applications for patent, patents, or any interests therein may be licensed in any specified territory, in the whole, or in any specified part, of the field of use to which the subject matter of the claims of the patent are directly applicable, and

"(b) A patent owner shall not be deemed guilty of patent misuse because he agreed to contractual provisions or imposed conditions on a licensee or an assignee which have:

"(1) A direct relation to the disclosure and claims of the patent, and

"(2) The performance of which is reasonable under the circumstances to secure to the patent owner the full benefit of his invention and patent grant.

"(c) In determining the reasonableness of such provisions or conditions under this section, the courts shall, in each case, consider all factors involved in the exploitation of the patented invention and the economic effect of such provisions or conditions.

"Chapter 27.—GOVERNMENT INTEREST IN PATENTS

"Sec.

"267. Time for taking action in Government applications.

"§ 267. Time for taking action in Government applications

"Notwithstanding the provisions of sections 133 and 151 of this title, the Commissioner may extend the time for taking any action to three years, when an application has become the property of the United States and the head of the appropriate department or agency of the Government has certified to the Commissioner that the invention disclosed therein is important to the armament or defense of the United States.

"Chapter 28.—INFRINGEMENT OF PATENTS

"Sec.

"271. Infringement of patent.

"272. Temporary presence in the United States.

"§ 271. Infringement of patent

"(a) Except as otherwise provided in this title, whoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent.

"(b) Whoever, without authority of the patentee, imports into the United States a product made in another country by a process patented in the United States shall be liable as an infringer.

"(c) Whoever actively induces infringement of a patent shall be liable as an infringer.

"(d) Whoever sells a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a pat-

ented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.

"(e) No patent owner otherwise entitled to relief for infringement or contributory infringement of a patent shall be denied relief or deemed guilty of misuse or illegal extension of the patent right by reason of his having done one or more of the following: (1) derived revenue from acts which if performed by another without his consent would constitute contributory infringement of the patent; (2) licensed or authorized another to perform acts which if performed without his consent would constitute contributory infringement of the patent; (3) sought to enforce his patent rights against infringement or contributory infringement.

"(f) Whoever, during the interim period after publication of an application and before grant of a patent, performs an act which would make him liable for infringement of a valid claim of the patent shall be liable as an infringer if a like claim appears in the application for the patent.

"§ 272. Temporary presence in the United States

"The use of any invention in any vessel, aircraft or vehicle of any country which affords similar privileges to vessels, aircraft or vehicles of the United States, entering the United States temporarily or accidentally, shall not constitute infringement of any patent, if the invention is used exclusively for the needs of the vessel, aircraft or vehicle and is not sold in or used for the manufacture of anything to be sold in or exported from the United States.

"Chapter 29.—REMEDIES FOR INFRINGEMENT OF PATENT AND OTHER ACTIONS

"Sec.

"281. Remedy for infringement of patent.

"282. Presumption of validity; defenses.

"283. Injunction.

"284. Damages.

"285. Attorney fees.

"286. Time limitation on damages.

"287. Limitation on damages; marking and notice.

"288. Action for infringement of a patent containing an invalid claim.

"289. Additional remedy for infringement of design patent.

"290. Notice of patent suits.

"292. False marking.

"293. Nonresident patentee, service and notice.

"§ 281. Remedy for infringement of patent

"A patentee shall have remedy by civil action for infringement of his patent.

"§ 282. Presumption of validity; defenses

"(a) A patent shall be presumed valid. Each claim of a patent (whether in independent or dependent form) shall be presumed valid independently of the validity of other claims: dependent claims shall be presumed valid even though dependent upon an invalid claim. The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting it.

"(b) The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded:

"(1) Noninfringement, absence of liability for infringement, or unenforceability.

"(2) Invalidity of the patent or any claim in suit on any ground specified in Part II of this title as a condition for patentability, provided, however, that the validity of a patent may not be questioned solely because of the existence of two or more patents where said patents will expire on the same date as a result of filing on the same date or as a result of a terminal disclaimer pursuant to section 253 of this title so long as the right to sue for infringement of said patents is maintained in the same legal entity.

"(3) Invalidity of the patent or any claim in suit for failure to comply with any requirement of section 112 or 251 of this title.

"(4) Any other fact or act made a defense by this title.

"(c) In actions involving the validity or infringement of a patent, the party asserting invalidity or noninfringement shall give notice in the pleadings or otherwise in writing to the adverse party at least thirty days before the trial, of the country, number, date, and name of the patentee of any patent, the title, date, and page numbers of any publication to be relied upon as anticipation of the patent in suit or, except in actions in the United States Court of Claims, as

showing the state of the art, and the name and address of any person who may be relied upon as the prior inventor or as having prior knowledge of or as having previously used or sold the invention of the patent in suit. In the absence of such notice, proof of the said matters may not be made at the trial except on such terms as the court requires.

“§ 283. Injunction

“(a) The several courts having jurisdiction of cases under this title may grant injunctions in accordance with the principles of equity to prevent the violation of any right secured by patent, on such terms as the court deems reasonable.

“(b) No injunction shall be granted with respect to subsequent use or sale of machines, manufactures, or compositions of matter made prior to grant of the patent and for which damages are awarded under section 284(b) of this title.

“§ 284. Damages

“(a) Upon finding for the claimant, the court shall award the claimant damages adequate to compensate for the infringement but in no event less than the infringer's profits attributable to the infringement, or less than a reasonable royalty for the use made of the invention by the infringer, whichever shall be greater, together with interest and costs as fixed by the court.

“(b) Damages for acts set forth in section 271(f) of this title shall be awarded only for acts occurring after actual notice to the infringer stating how his acts are considered to infringe a claim of a published application and shall be limited to royalties reasonable in the circumstances.

“(c) When the damages are not found by a jury, the court shall assess them. In either event the court may increase the damages up to three times the amount found or assessed.

“(d) The court may receive expert testimony as an aid to the determination of damages or of what royalty would be reasonable under the circumstances.

“§ 285. Attorney fees

“The court in exceptional cases may award reasonable attorney fees to the prevailing party.

“§ 286. Time limitation on damages

“(a) Except as otherwise provided by law, no recovery shall be had for any infringement committed more than six years prior to the filing of the complaint or counterclaim for infringement in the action.

“(b) In the case of claims against the United States Government for use of a patented invention, the period before bringing suit, up to six years, between the date of receipt of a written claim for compensation by the department or agency of the Government having authority to settle such claim, and the date of mailing by the Government of a notice to the claimant that his claim has been denied shall not be counted as part of the period referred to in the preceding paragraph.

“§ 287. Limitation on damages; marking and notice

“Patentees, and persons making or selling any patented article for or under them, may give notice to the public that the same is patented, either by fixing thereon the word ‘patent’ or the abbreviation ‘pat.’, together with the number of the patent, or when, from the character of the article, this cannot be done, by fixing to it, or to the package wherein one or more of them is contained, a label containing a like notice. In the event of failure so to mark, no damages shall be recovered by the patentee in any action for infringement, except on proof that the infringer was notified of the infringement and continued to infringe thereafter, in which event damages may be recovered only for infringement occurring after such notice. Filing of an action for infringement shall constitute such notice.

“§ 288. Action for infringement of a patent containing an invalid claim

“Whenever, without deceptive intention, a claim of a patent is invalid, an action may be maintained for the infringement of a claim of the patent which may be valid. The patentee shall recover no costs unless a disclaimer of the invalid claim has been entered at the Patent Office before the commencement of the suit.

“§ 289. Additional remedy for infringement of a design patent

“(a) Whoever during the term of a patent for a design, without license of the owner, (1) applies the patented design, or any colorable imitation thereof, to any article of manufacture for the purpose of sale, or (2) sells or exposes for sale any article of manufacture to which such design or colorable imitation has been applied shall be liable to the owner to the extent of his total profit, but not less than \$250, recoverable in any United States district court having jurisdiction of the parties.

“(b) Nothing in this section shall prevent, lessen, or impeach any other remedy which an owner of an infringed patent has under the provisions of this title, but he shall not twice recover the profit made from the infringement.

“§ 290. Notice of patent suits

“The clerks of the courts of the United States, within one month after the filing of an action under this title, shall give notice thereof in writing to the Commissioner, setting forth so far as known the names and addresses of the parties, name of the inventor, and the designating number of the patent upon which the action has been brought. If any other patent is subsequently included in the action he shall give like notice thereof. Within one month after the decision is rendered or a judgment issued the clerk of the court shall give notice thereof to the Commissioner. The Commissioner shall, on receipt of such notices, enter the same in the file of such patent.

“§ 292. False marking

“(a) Whoever, without the consent of the patentee, marks upon, or affixes to, or uses in advertising in connection with anything made, used, or sold by him, the name or any imitation of the name of the patentee, the patent number, or the words ‘patent,’ ‘patentee,’ or the like, with the intent of counterfeiting or imitating the mark of the patentee, or of deceiving the public and inducing them to believe that the thing was made or sold by or with the consent of the patentee; or

“Whoever marks upon, or affixes to, or uses in advertising in connection with any unpatented article, the word ‘patent’ or any word or number importing that the same is patented, for the purpose of deceiving the public; or

“Whoever marks upon, or affixes to, or uses in advertising in connection with any article, the words ‘patent applied for,’ ‘patent pending,’ or any word importing that an application for patent has been made, when no application for patent has been made, or if made, is not pending, for the purpose of deceiving the public—

“Shall be fined not more than \$500 for every such offense.

“(b) Any person may sue for the penalty, in which event one-half shall go to the person suing and the other to the use of the United States.

“§ 293. Nonresident patentee; service and notice

“Every patentee not residing in the United States may file in the Patent Office a written designation stating the name and address of a person residing within the United States on whom may be served process or notice of proceedings affecting the patent or rights thereunder. If the person designated cannot be found at the address given in the last designation, or if no person has been designated, the United States District Court for the District of Columbia shall have jurisdiction and summons shall be served by publication or otherwise as the court directs. The court shall have the same jurisdiction to take any action respecting the patent or rights thereunder that it would have if the patentee were personally within the jurisdiction of the court.”

TRANSITIONAL AND SUPPLEMENTAL PROVISIONS

SEC. 2. (a) Chapter 9 of title 28, United States Code, Judicial Code and Judiciary, is amended to read as follows:

“Chapter 9.—COURT OF CUSTOMS AND PATENT APPEALS

“Sec.

“211. Appointment and number of judges.

“212. Duties of chief judge; precedence of judges.

“213. Tenure and salaries of judges.

“214. Sessions.

“215. Divisions; powers and assignments.

“216. Publication of decisions.

“§ 211. Appointment and number of judges

“The President shall appoint, by and with the advice and consent of the Senate, a chief judge and eight associate judges who shall constitute a court of record known as the United States Court of Customs and Patent Appeals. At least six judges of the Court of Customs and Patent Appeals shall be specially qualified in the law of patents. Such court is hereby declared to be a court established under Article III of the Constitution of the United States.

“§ 212. Duties of chief judge; precedence of judges

“The chief judge of the Court of Customs and Patent Appeals, with the approval of the court, shall supervise the fiscal affairs and clerical force of the court. The chief judge shall assign or reassign, under rules of the court, any case for trial, hearing, or determination; and promulgate dockets.

“The chief judge shall have precedence and preside at any session of the court which he attends. If he is temporarily unable to perform his duties as such, they shall be performed by the judge in active service, who is present, able and qualified to act, and next in precedence.

“The associate judges shall have precedence and preside according to the seniority of their commissions. Judges whose commissions bear the same date shall have precedence according to seniority in age.

“§ 213. Tenure and salaries of judges

“Judges of the Court of Customs and Patent Appeals shall hold office during good behavior; each shall receive a salary of \$33,000 a year.

“§ 214. Sessions

“The Court of Customs and Patent Appeals may hold court at such times and places as it may fix by rule.

“§ 215. Divisions; powers and assignments

“(a) Judges of the Court of Customs and Patent Appeals shall sit on the court and its divisions in such order and at such times as the court directs.

“(b) The Court of Customs and Patent Appeals shall have an appellate part to hear and determine matters within the appellate jurisdiction of the court; in such appellate part, the Court of Customs and Patent Appeals may authorize the hearing and determination of cases and controversies by separate divisions, each consisting of three judges. A hearing or rehearing of any matter within the appellate jurisdiction of the court may be ordered by a majority of the judges of the Court of Customs and Patent Appeals in regular, active service. The court en banc shall consist of the judges of the Court of Customs and Patent Appeals in regular, active service. A judge of the Court of Customs and Patent Appeals who has retired from regular service shall also be competent to sit as a judge of the court en banc in the rehearing of a matter if he sat on the court or division at the original hearing thereof.

“(c) The Court of Customs and Patent Appeals shall have a trial part to hear and determine matters within the original jurisdiction of the Court of Customs and Patent Appeals; business of the trial part of the Court of Customs and Patent Appeals shall be divided among the judges as provided by the rules and orders of the court. The chief judge shall be responsible for the observance of such rules and orders, and shall divide the business and assign the cases so far as such rules and orders do not otherwise prescribe.

“(d) The chief judge may sit in any division of the appellate part or as a judge of the trial part. He may, when necessary, assign other judges to any division of the appellate part or to sit as a judge of the trial part.

“§ 216. Publication of decisions

“All decisions of the Court of Customs and Patent Appeals shall be preserved and open to inspection. The court shall forward copies of each decision to the Commissioner of Patents who shall publish weekly such decisions as he or the court may designate and abstracts of all other decisions.”

(b) Section 832 of title 28, United States Code, Judicial Code and Judiciary, is amended to read as follows:

“§ 832. Marshal

“The Court of Customs and Patent Appeals may appoint a marshal and deputy marshals, who shall serve within the District of Columbia and shall be subject to removal by the court.

"The marshal and his deputies shall attend the court at its sessions, and shall serve and execute all process and orders issuing from it, and exercise the powers and perform the duties concerning all matters within such court's jurisdiction assigned to them by the court. The marshal shall purchase books and supplies, supervise the library and perform such other duties as the court may direct. Under regulations prescribed by the Director of the Administrative Office of the United States Courts, the marshal shall pay the salaries of judges, officers, and employees of the court and disburse funds appropriated for the expenses of the court.

"United States marshals for other districts where sessions of the court are held shall serve as marshals of the court."

(c) Section 833 of title 28, United States Code, Judicial Code and Judiciary, is amended by adding the following paragraph at the end thereof:

"(d) The court shall appoint one or more court reporters to attend at each session of the trial part of the court. The number and qualifications and all other matters concerning such court reporters shall be determined in accordance with section 753 of this title."

(d) Section 1256 of title 28, United States Code, Judicial Code and Judiciary, is amended to read as follows:

"§ 1256. Court of Customs and Patent Appeals; certiorari; certified questions

"Cases in the Court of Customs and Patent Appeals may be reviewed by the Supreme Court by the following methods:

"(1) By writ of certiorari:

"(2) By certification of any question of law by the Court of Customs and Patent Appeals in any case as to which instructions are desired, and upon such certification the Supreme Court may give binding instructions on such questions."

(e) Section 1338 of title 28, United States Code, Judicial Code and Judiciary is amended to read as follows:

"§ 1338. Patents, copyrights, trademarks and unfair competition

"(a) Except as provided in Chapter 93 hereof, the district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, copyrights and trademarks. Such jurisdiction shall be exclusive of the courts of the States in patent and copyright cases.

"(b) The district courts shall have original jurisdiction of any civil action asserting a claim of unfair competition when joined with a substantial and related claim under the copyright, patent or trademark laws."

(f) Chapter 93 of title 28, United States Code, Judicial Code and Judiciary, is amended to read as follows:

"CHAPTER 93.—COURT OF CUSTOMS AND PATENT APPEALS

"Sec.

"1541. Powers generally.

"1542. Customs Court decisions.

"1543. Patent Office decisions.

"1544. Tariff Commission decisions.

"§ 1541. Powers generally

"The Court of Customs and Patent Appeals and each judge thereof shall possess all the powers of a district court of the United States for preserving order, compelling the attendance of witnesses and the production of evidence.

"§ 1542. Customs Court decisions

"The Court of Customs and Patent Appeals shall have jurisdiction to review by appeal final decisions of the Customs Court in all cases as to the construction of the law and the facts respecting the classification of merchandise, the rate of duty imposed thereon under such classifications, and the fees and charges connected therewith, and all appealable questions as to the jurisdiction of the Customs Court and as to the laws and regulations governing the collection of the customs revenues.

"§ 1543. Patent Office decisions

"(a) The Court of Customs and Patent Appeals shall have original jurisdiction of all civil actions arising under section 145 of title 35. Such jurisdiction shall be known as the trial jurisdiction of the court.

"(b) The Court of Customs and Patent Appeals shall have jurisdiction of:

"(1) Appeals from all decisions of the trial part of the Court of Customs and Patent Appeals:

"(2) Appeals from decisions of the Board of Appeals of the Patent Office as to patent applications and patents as provided in Chapter 13 of title 35, Patents, United States Code;

"(3) Appeals from decisions of the Commissioner of Patents and the Trademark Trial and Appeal Board as to trademark applications and proceedings as provided in section 1071 of title 15.

"§ 1544. Tariff Commission decisions

"The Court of Customs and Patent Appeals shall have jurisdiction to review, by appeal on questions of law only, the findings of the United States Tariff Commission as to unfair practices in import trade, made under section 1337 of title 19."

(g) Title 28, United States Code, Judicial Code and Judiciary, is amended by adding new section 2603, reading as follows:

"§ 2603. Patent Office cases

"Federal Rules of Civil Procedure for the United States district courts shall govern the procedure in all cases within the trial jurisdiction of the Court of Customs and Patent Appeals arising under section 145 of title 35."

(h) The section analysis of Chapter 167—Court of Customs and Patent Appeals Procedure, of title 28, United States Code, Judicial Code and Judiciary, preceding section 2601 is amended by adding the following line:

"2603. Patent Office cases."

SEC. 3. If any provisions of title 35 Patents, United States Code, as amended by this Act, or any other provision of this Act, is declared unconstitutional or is held invalid, the validity of the remaining provisions shall not be affected.

SEC. 4. This Act shall take effect on the day six months after enactment.

(b) Applications for patent actually filed in the United States prior to the effective date of this Act shall continue to be governed by the provisions of title 35 in effect immediately prior to the effective date, except that any such application may be published by the Commissioner in accordance with the provisions of section 123 of title 35 as enacted by this Act.

(c) Applications for patent actually filed in the United States within one year after the effective date of this Act and not relying on a prior application shall continue to be governed by the provisions of chapter 10 and by the provisions relating to interferences in chapters 12 and 13, of title 35 in effect immediately prior to the effective date.

(d) The amendment of title 35, United States Code, by this Act, shall not affect any rights or liabilities existing under title 35 in effect immediately prior to the effective date of this Act.

SEC. 5. This Act may be cited as "The Patent Act of 1967."

(By order of the chairman, the letter and addendum to S. 2597, from the American Bar Association appears as follow:)

NOVEMBER 21, 1967.

Re S. 2597 (Dirksen).

THOMAS BRENNAN,

Counsel, Subcommittee on Patents, Trademarks, and Copyrights, Committee on the Judiciary, U.S. Senate, Washington, D.C.

DEAR MR. BRENNAN: At its meeting in Honolulu in August, the Section on Patent, Trademark and Copyright Law of the American Bar Association recommended certain changes be made in the draft Bill, which now has been introduced as S. 2597.

While these changes are not essential, it is believed that they improve the Bill, and we therefore recommend them to the Senate.

A copy of the changes, in the form of an addendum to S. 2597, is attached.

Very truly yours,

EDWARD F. MCKIE, Jr.

ADDENDUM TO S. 2597

Section 100. Definitions (pp. 10-11)

Commencing with subsection (g), the balance of the section should be changed to read as follows:

(g) The term "actual filing date in the United States" means the earliest date of filing of an application in the United States to which an applicant is entitled.

(h) The term "useful" shall include, but shall not be limited to, utility in agriculture, commerce, industry, health, or research.

(i) The term "prior art" means:

(1) A published United States patent application or United States patent of another which has an actual filing date in the United States before the invention by the inventor named in the applicant's application; or

(2) Subject matter known or used by others in this country before the invention by the inventor named in the applicant's application; or

(3) A patent or publication in this or a foreign country reasonably available before the invention by the inventor named in the applicant's application, or more than one year prior to the effective filing date of the application for patent in the United States; or

(4) Subject matter on sale or in public use in this country more than one year prior to the effective filing date of the application for patent in the United States; or

(5) Subject matter for which the applicant has no right to secure a patent because the inventor named in the application did not himself invent it or because before his invention thereof, the invention was made in this country by another who had not abandoned, suppressed or concealed it.

* * * * *

Section 107. Abandonment of invention (p. 12)

Subsection (b) should be changed to read as follows:

(b) Publication of an application under the provisions of section 123 or 151 of this title negates any inference that an invention disclosed therein was abandoned within the meaning of section 102(e), 136 or 137 of this title.

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Section 119. Benefit of earlier filing date in foreign country; right of priority (p. 15)

In line 31, delete "by the same inventor".

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Section 120. Benefit of earlier filing date in the United States (p. 16)

In subsection (b), line 30, after "prior" insert "copending".

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Section 131. Examination of application (p. 17)

At the end of the section (line 31) change the period to a comma and add "except that applications may be examined out of turn under special circumstances established by the Commissioner by regulation."

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Section 136. Reexamination after publication (pp. 18-19)

In subsection (d) (1) [page 19, line 1] change "sold" to "on sale".

* * * * *

Section 137. Priority of invention (pp. 19-20)

In subsection (a), page 19, line 1, after "allowable" insert "pending"; line 34, after "said" insert "pending".

At the end of subsection (a), page 19, add "A final judgment adverse to a patentee from which no appeal has been or can be taken shall constitute cancellation of the claims involved from the patent and notice thereof shall be endorsed on copies of the patent thereafter distributed by the Patent Office."

* * * * *

Section 141. Appeal to Court of Customs and Patent Appeals (p. 20)

In subsection (a), line 1, delete "or his successor in title,".

In subsection (b), line 11, delete ", or his successor title," and substitute therefor "or patentee,".

* * * * *

Section 184. Filing of application in foreign country (pp. 26-27)

Revise entire section to read as follows :

(a) Except when authorized by a license obtained from, or a general license established by, the Commissioner, a person shall not file or cause or authorize to be filed in any foreign country an application for patent or for the registration of a utility model, industrial design or model in respect to an invention made in this country, prior to six months after filing an application for patent on the same invention under section 111 of this title, or prior to four months after filing an application for patent on the same ornamental design under section 171 of this title. A license shall not be granted with respect to an invention subject to an order issued by the Commissioner pursuant to section 181 of this title without the concurrence of the heads of the departments and the chief officers of the agencies who caused the order to be issued. Upon compliance with regulations established by the Commissioner, a license shall be granted retroactively where an application has been filed abroad and the application does not disclose an invention within the scope of section 181 of this title.

(b) The Patent Office is hereby established as the sole governmental agency to grant a license or establish a general license.

(c) The term "application" when used in this Chapter includes applications and any modifications, amendments, or supplements thereto, or divisions thereof.

(d) No license shall be required, subsequent to the filing of a foreign application, for any modifications, amendments or supplements to that foreign application, or divisions thereof, which do not alter the nature of the invention originally disclosed, which are within the scope of the invention originally disclosed, and where the filing of the foreign application originally complied with the provisions of this section.

(e) A retroactive license may be granted at any time notwithstanding the fact that a corresponding United States application has matured into a patent. Such license shall have the same force and effect as if granted during the pendency of the application.

* * * * *

Section 251. Reissue of defective patents (pp. 28-29)

Revise entire section to read as follows :

(a) Whenever any patent is, through error without any deceptive intention, deemed wholly or partly inoperative or invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent, the Commissioner shall, on the surrender of such patent and the payment of the fee required by law, reissue the patent for the invention disclosed in the original patent, and in accordance with a new and amended application, for the unexpired part of the term of the original patent. No new matter shall be introduced into the application for reissue.

(b) The Commissioner may issue several reissued patents for distinct and separate parts of the thing patented, upon demand of the applicant, and upon payment of the required fee for a reissue of each of such reissued patents.

(c) The provisions of this title relating to applications for patent shall be applicable to applications for reissue of a patent.

(d) No reissue patent shall be granted enlarging the scope of the claims of the original patent, unless applied for within one year from the grant of the original patent, except to claim the same subject matter as a claim of an issued patent pursuant to section 137 of this title.

* * * * *

Section 271. Infringement of patent (pp. 32-33)

Revise entire section to read as follows :

(a) Except as otherwise provided in this title, whoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent.

(b) Whoever, without authority of the patentee, imports into the United States a product made in another country by a process patented in the United States shall be liable as an infringer.

(c) Whoever actively induces infringement of a patent shall be liable as an infringer.

(d) Whoever sells a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a

patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as an infringer.

(e) No patent owner otherwise entitled to relief for infringement of a patent shall be denied relief or deemed guilty of misuse or illegal extension of the patent right by reason of his having done one or more of the following: (1) derived revenue from acts which if performed by another without his consent would constitute infringement of the patent; (2) licensed or authorized another to perform acts which if performed without his consent would constitute infringement of the patent; (3) sought to enforce his patent rights against infringement.

(f) Whoever, during the interim period after publication of an application and before grant of a patent, performs an act which would make him liable for infringement of a valid claim of the patent shall be liable as an infringer if a like claim appears in the application for the patent.

* * * * *

In the section table of contents under "Chapter 29.—Remedies for Infringement of Patent and Other Actions", page 33, insert between "290" and "292" the following: "291. Interfering patents."

* * * * *

Section 284. Damages (pp. 34–35)

In subsection (a), page 34, lines 39–40, delete "less than the infringers profits attributable to the infringement, or".

In subsection (a), page 35, line 1, delete "whichever shall be greater.".

In subsection (b), page 35, line 5, delete "how his" and substitute therefor "what".

* * * * *

Page 36, after line 33, add a new section as follows:

Section 291. Interfering Patents

(a) The owner of an interfering patent may have relief against the owner of another by civil action, and the court may adjudge the question of the validity of any of the interfering patents, in whole or in part. A final judgment adverse to a patentee from which no appeal or other review has been or can be taken or had shall constitute cancellation of the claims involved from the patent, and notice thereof shall be endorsed on copies of the patent thereafter distributed by the Patent Office.

(b) A civil action under subsection (a) may be instituted against the party in interest as shown by the records of the Patent Office, but any party in interest may become a party to the action. If there be adverse parties residing in a plurality of districts not embraced within the same state, or an adverse party residing in a foreign country, the United States District Court for the District of Columbia shall have jurisdiction and may issue summons against the adverse parties directed to the marshal of any district in which the adverse party resides. Summons against adverse parties residing in foreign countries may be served by publication or otherwise as the court directs. The Commissioner shall not be a necessary party but he shall be notified of the filing of the civil action by the clerk of the court in which it is filed and shall have the right to intervene.

* * * * *

Sec. 4. (p. 42).

Delete subsection (d) and substitute therefor the following:

(d) For purposes of considering appeals involving applications specified in subsections (b) and (c) of this section, the jurisdiction of the Court of Customs and Patent Appeals shall be governed by the provisions of section 1542 of title 28, United States Code, in effect immediately prior to the effective date of this Act.

(e) The amendment of title 35, United States Code, by this Act, shall not affect any rights or liabilities existing under title 35 in effect immediately prior to the effective date of this Act.

Mr. BRENNAN. The first witnesses are five public members of President Johnson's Commission on the Patent System, headed by the co-chairman of the Commission, Judge Rifkind.

Senator McCLELLAN. Very well, gentlemen. We welcome you. I am sure you have had a very tedious and arduous task in performing your duties as members of the Commission and we know that you will be able to be very helpful to this committee.

Mr. Rifkind, as Chairman, you may proceed and conduct the presentation of the Commission's testimony this morning.

STATEMENT OF SIMON RIFKIND, COCHAIRMAN, PRESIDENT'S COMMISSION ON THE PATENT SYSTEM

Mr. RIFKIND. Thank you very much, Senator.

Let me say, if I may, in the opening that I am very grateful to the chairman and to the committee for this opportunity to come and present the views of the Commission to the Senate committee. I happen to esteem that as a very great honor, because I do not think it falls to every man to be invited to give his views to a Senate committee. But I take it that it is no personal merit of mine that generated the invitation, but the circumstance that I was Cochairman, with Dr. Ransom of this Commission.

I should say at the outset, Mr. Chairman, that I am not a patent lawyer; I am not trained in the patent law; and I do not pretend to have any expertise in this particular area. Consequently, I think that what I shall say may be more informative concerning the action of the Commission than have a direct bearing upon the virtues of one or another of the particular recommendations that it has made.

The Commission itself was a body with an extraordinarily wide representation of the several interests that are affected by any patent system that this country might have. As I look down the list of names, I see a distinguished inventor; I see the heads or principals of great industrial enterprises whose activities are peculiarly directed toward the newly opening fields of the new technology. I see the heads of corporate and industrial research organizations; I see two very distinguished patent lawyers; I see a pair of educators. In addition, of course, we have the representatives of a number of Government agencies, with particular reference to the Commissioner of Patents, a representative of the Defense Department, the Small Business Administration, and the State Department and the two agencies of the Government that are especially concerned with problems of science and technology.

For myself, I regarded myself as the uninformed juror who comes to his deliberations without any preconceptions whatever and without any partiality toward one view or another, except the general view that I entertained, which was that any patent system that the Congress should establish should serve the public interest.

I do not want to understate my personal qualifications lest I be charged with having perhaps misinformed you. In the course of a fairly long career at the bar, I have tried 20 or 30 patent cases, both on the bench and at the bar. I have argued a number of patent appeals. But I have never mastered the niceties of practice before the Patent Office and I do not believe I have ever set foot there except as a member of this Commission.

Now, let me say a word about the Commission's charter. We did receive a letter of instructions from the President which marked out

the major boundaries of the territory we were to explore. But I should say to this committee that no one on behalf of the President or on behalf of any of the departments of Government has given instructions as to what particular problems within that broad territory we should inquire into, has given us no "givens," no premises which we must accept as true, has in no way dictated the terms of our recommendations. The product, this report of the Commission is entirely the end result of the give and take of the most active debate and discussion that it has ever been my privilege to participate in during a fairly contentious life.

Perhaps, I should make some comment about the relationship of the Commission report to the pending bill S. 1042. As I read them, S. 1042 is in major substance a legislative expression of the recommendations of that Commission report. A member of the Commission staff has been good enough to prepare a table which lists the recommendations of the Commission by number and then indicates whether they were adopted, modified, or whether action was not taken with respect to any one of those recommendations. I think it might be useful, Mr. Chairman, if that were included as part of my remarks at this point.

Senator McCELLAN. As I understand it, it is a comparative statement there showing your recommendations and how many of them have been incorporated in the administration bill.

Mr. RIFKIND. It does that, but very briefly, it just shows a list of the recommendations and puts an X wherever it was adopted or modified or rejected.

Senator McCELLAN. When you say "adopted," you mean "incorporated"?

Mr. RIFKIND. Incorporated in this bill; that is right.

Senator McCELLAN. Very well. It may be received and printed in the record at this point.

(The document referred to follows:)

AMENDMENT OF THE PATENT LAWS

The amendments of the patent laws incorporated in the enclosed bill are based upon the recommendations contained in the report of the President's Commission on the Patent System. It also includes certain other proposals considered desirable, and some language clarifications. The attached chart shows those recommendations which are adopted in the enclosed bill, those which have been modified, and those which have not been adopted. A number of the recommendations, identified by asterisks in the chart, may be implemented without specific legislation. This memorandum describes the departures from the Commission's recommendations.

EXCEPTIONS TO PRIOR ART

The Commission recommended two exceptions to the recommendation on prior art, the first dealing with displays at officially recognized international exhibitions and the second directed to cases where there has been an unauthorized disclosure of a person's invention.

The recommendation regarding international exhibitions was a contingent one to be adopted only if the preliminary application technique did not satisfy the obligations of the Paris Convention. A conclusion has been reached both by the International Office of the Patent Office and by the State Department that the provision for preliminary applications does satisfy these obligations, and thus this exception is not included in the proposed amendments.

The exception for unauthorized disclosures has been provided for; however, such determinations would be made in the Patent Office rather than the courts. The procedural details are left to regulations. It is presently envisioned that a procedure similar to the present Rule 131 procedure will be followed.

PLANT AND DESIGN PATENTS

The Commission's recommendation that plant and design patents be eliminated and that another form of protection be provided is not reflected in the proposed legislation. The time necessary to formulate and consider alternative forms of protection for plants and designs would cause undue delay in submitting the proposal to Congress. A study of this matter has been initiated.

PUBLICATION OF PENDING APPLICATIONS

The Commission recommended that:

"Publication of a pending application shall occur eighteen to twenty-four months after its earliest effective filing date, or promptly after allowance or appeal, whichever comes first.

* * * * *

"An application shall be 'republished' promptly after allowance or appeal subsequent to initial publication, and again upon issuance as a patent, to the extent needed to update the initially published application and give notice of its status."

Because printing of an application takes considerable time, up to three months in some cases, strict adherence to the recommendation could result in an application being sent to the Government Printing Office for three months during a critical time in the prosecution of an application. To provide flexibility and to accommodate operating conditions, under the provisions of the bill, the Commissioner is given authority to defer publication under special circumstances, for example, when the case is being acted upon or will shortly be placed in condition for allowance.

The proposal that applications be published prior to appeal to the Board of Appeals is not included in view of the fact that publication at that time, coupled with the recommended six-month citation period, could result in a delay of up to a year between a final rejection and the time when an applicant could perfect an appeal. Since there could be publication and a six-month citation period prior to issuance of a patent instead, it was concluded that this considerable delay would not be warranted, even though it eliminated the possibility of two appeals.

CONTINUING APPLICATIONS

The Commission's recommendation on continuing applications has been modified so as to treat voluntary divisionals in the same manner as other continuations.

Moreover, the Commission recommended that continuation-in-part applications must be filed before publication of the parent case in order to get the benefit of the parent application. This has been modified somewhat so that a continuation-in-part need only be filed by the same time limits for a continuation application to get the benefit of the filing date of the parent as to subject matter disclosed in the parent. It was concluded that, as to common subject matter, continuation and continuation-in-part applications should be treated the same, and it was not too great a burden on the Examiner to distinguish between the common and new subject matter.

DEFERRED EXAMINATION

The recommendation has been modified in that when a third party requests examination, he would only pay the "basic" examination fee, while the applicant would pay all other fees (including any fee for extra claims). Another modification allows the Commissioner to give information concerning the identity of the person requesting examination when necessary to carry out an Act of Congress or in such special circumstances as he determines.

Further, the Commissioner is given authority, but not required, to call for the examination of related parent and continuing applications which have been deferred. However, he would have no authority to call for the examination of related continuations-in-part which claim only new matter.

Also, the method of queuing applications is left to be set by regulations.

CITATION PERIOD

The citation period following allowance and publication of an application has been provided for; however, the Commissioner is given the authority to shorten this period to three months if experience shows that a six-month period is unnecessarily long. Also, as noted above in connection with the publication recommendation, there will be no citation period prior to appeal.

Finally, the bill provides that, in addition to being able to cite patents and publications during the citation period, third parties may oppose the issuance of a patent (1) because the invention was in public use or on sale, or (2) because the inventor named derived the invention from someone else. Point (1) merely codifies the present "public use" procedure, as recommended by the Commission. Point (2) was included to alleviate fears that the first-to-file system would encourage industrial espionage.

REVIEW BY COURT OF APPEALS

In implementing the recommendation that either the applicant or the Patent Office may appeal, from a decision of the Court of Customs and Patent Appeals, to the United States Court of Appeals for the District of Columbia, the review procedure adopted is similar to that which is now used in appeals, from the Municipal Court of Appeals for the District of Columbia, to the United States Court of Appeals for the District of Columbia. Under this procedure, a party may not appeal in each case as a matter of right but must petition the United States Court of Appeals for permission to appeal. Such a procedure is believed to be consistent with the Commission's recommendation that "all immediate direct review of the Patent Office * * * be subject to further review by the United States Court of Appeals for the District of Columbia Circuit." At the same time, unnecessary multiple appeals could be obviated to reduce possible burdens upon the Court of Appeals.

CANCELLATION

The recommended procedure for the cancellation of a claim during a three-year period following issuance of a patent has been adopted. This procedure has been expanded somewhat to permit the heads of Government departments and agencies, in addition to private parties, to invoke the procedure, and in the case of agency heads the \$500 fee is not required.

A statement is included in section 257 of the bill that the cancellation procedure does not supercede the jurisdiction of any Federal court or agency, for example, if the Department of Justice elected to sue for the cancellation of a patent. Also, so that there is an outside limit to the costs and attorney's fees a petitioner may be forced to bear, it is provided that these shall not exceed a total of \$1,000.

INTERIM LIABILITY

The recommendation was modified to provide that the claim did not have to appear in the initial publication but could have first appeared in a subsequent republication.

IMPORTATION

The recommendation was included in the bill, but modified to require that the importation be for purposes of trade or for use in trade or industry, and that the foreign country be one where patent protection on the process was not available.

PATENT RIGHT TRANSFERABILITY

Recommendation No. XXII on patent misuse is not included in the bill. Further study is being made in this area.

CIVIL COMMISSIONERS

The recommendation that the position of Civil Commissioners be created to supervise pretrial procedure in patent suits is included in the bill. However, there is no specific authority for a Commissioner to make preliminary rulings upon the admissibility of proofs or to vary the burdens of proof for good cause in secrecy cases.

EXPEDITED PROCEDURE FOR LIMITED CLAIMS

This recommendation is not included in the bill. Further study is being made in this area.

STATUTORY ADVISORY COUNCIL

A Statutory Advisory Council has been provided for, with the terms of the members to be determined by the Secretary of Commerce. The Council is neither required nor authorized to publish a quadrennial report, but rather is to report its conclusion and recommendations to the Secretary of Commerce. Specific

mention of jurisdiction over the effectiveness of any internal patent quality control program is omitted, while specific mention of jurisdiction over the procedures and timing mention of jurisdiction over the procedures and timing of publication of pending applications is included.

PATENT OFFICE FINANCING

An overall recovery range for fees was specified as 65-75%. The requirement that fees be apportioned in accordance with the cost of providing the services was omitted.

Authority for a revolving fund was not included in the bill, on the basis that it was not seen how such a fund could result in any real advantage to the Office.

TRANSITION

The legislation only excepts three recommendations (Nos. X, XIII, XIV) from a general rule that the legislation will not affect applications already on file. The treatment of patents already issued is not specified, but passed on to the courts by a provision that the legislation will not "affect any rights * * * existing * * * immediately prior * * *."

The provision in the recommendation for publishing the backlog was substituted for by one which authorizes the Commissioner to publish backlog applications eighteen months after their effective filing date.

INTERNATIONAL ACTION

The view was taken that although the recommended steps toward the ultimate goal of a universal patent system may ultimately require legislation, no legislation would be necessary at this time.

Recommendations	Adopted	Modified	Action postponed
Patentability of inventions:			
I. Prior art	X		
II. Preliminary application	X		
III. Exceptions to prior art		X	
IV. Patentable subject matter:			
Designs and plants			X
Computer programs	X		
Application filing and examination:			
V. Assignee filing and joinder of inventors	X		
VI. Claim for priority date	X		
VII. Publication		X	
VIII. Continuing applications		X	
IX. Standby optional deferred examination		X	
X. Burden of persuasion	X		
XI. Citation period		X	
XII. Quality control ¹			
Direct review of Patent Office decisions:			
XIII. Presumption of correctness	X		
XIV. Review by court of appeals		X	
Procedure for amending and canceling patents:			
XV. Cancellation		X	
XVI. Reissue	X		
Liability and enforcement:			
XVII. Interim liability		X	
XVIII. Term of patent	X		
XIX. Secrecy order	X		
XX. Terminal disclaimer	X		
XXI. Importation		X	
XXII. Patent right transferability			X
XXIII. In rem invalidity	X		
XXIV. Civil commissioners		X	
XXV. Expedited procedure for limited claims			X
XXVI. Statutory Advisory Council		X	
Patent Office operations:			
XXVII. Patent Office financing		X	
XXVIII. Propriety of final rejection ¹			
XXIX. Classification and information retrieval ¹	X		
XXX. Information dissemination ¹	X		
XXXI. Transition		X	
XXXII. Government patent policy			
International action:			
XXXIII. Inventor's certificates			
XXXIV. Term measurement			
XXXV. Universal patent system			

¹ Can be implemented, in part or in whole, without legislation at this time.

MR. RIFKIND. I take it, Mr. Chairman, that the mission of any patent system in the United States is to stimulate invention, innovation, the exploitation of the new technology developed by such invention and innovation, and the stimulation of the accompanying investment which is necessary in order to bring that about. We had some discussion as to whether or not the patent system was necessary in order to stimulate invention. My own notion is that the giants of the history of invention probably did not need any patent system to stimulate their creative instincts. I do not believe there was any patent system to stimulate Leonardo da Vinci or Benvenuto Cellini, or people of that rank. But I have no doubt that the vast technological structure which has been built as a result of the investment of many billions of dollars, which is today, of course, the characteristic form of American industry, would not have reached the state or the stage which it is in today but for the beneficent effects of the patent system. And, indeed, I believe that to be the common view of all the members of the Commission; indeed, I would go further and say that in all of the literature that we have received from all quarters of this country, I do not remember any serious piece of writing which challenged that proposition.

Whether or not the mission of the patent system was being accomplished by the patent system now in force in the United States was a question which commanded our attention. It received an affirmative answer, subject, however, to the recognition that the patent system now in existent was encumbered by a number of defects and that it was the correction of those defects on which the Commission ought to concentrate its particular attention. Very early in its discussions, it became clear that it was not feasible to correct these defects and to fill the exposed deficiencies by a piecemeal approach to each and every aspect of the patent system. It very soon became clear that we would either have an interrelated program of correction or we would fail. And I believe the Commission is correct in stating that the report which is has submitted is a system of interrelated recommendations which are interdependent. I say it with particular emphasis this morning, because some of the critical literature which I have seen from one branch of the community or another, professional or inventive or engineering, seems to me to reflect a failure to interpret and evaluate this bill and this report in terms of a coherent program. Instead it challenges particular items as if each were the only amendment being advanced for the revision of the patent system.

I suppose it would not be out of order to state at least one sentence in this statement as to what we conceive a patent to be. As I understand it, we regarded a patent as a grant from the Government of the right to exclude everybody except the patentee from the privilege of making, using, or vending the invented product or process. And we understand that this monopoly, under the Constitution, could be granted pursuant to statutes passed by the Congress, in return for a quid pro quo. The quid pro quo was the disclosure of a product or a process which was new and useful and not obvious over the then known art. That is the standard which has prevailed in the United States for over a century. It is the standard which I understand the Supreme Court has blessed in its most recent decisions with respect to the patent system, and no one on the Commission saw any reason for making any important change in that major premise.

Now, what are the deficiencies of which we promptly became aware? Or, at least, which of them are of such magnitude as to warrant action at this time?

First of all, the quality of the patent was too low. We mean by that that patents today are accorded but a modest respect by those who have to come in contact with them—that is, by industry and the professions. Because it commands but a modest respect, it encourages infringement; and because it encourages infringement, it encourages litigation. And that, together, increases the whole cost of maintaining a patent system and increases the burdens of having either the benefits or the burdens of a patent system.

The second deficiency that we discovered was that the process of procuring and enforcing a patent was too slow. Particularly the whole process of getting a patent, from the date of application to the date of acquisition, was slow, tedious, expensive, and beset by many problems.

Third, we discovered that the sluggishness was in part generated by the very provisions of the statute under which we now operate. I will deal with that in greater detail in a moment.

The expense of getting a patent and of litigating over it was universally regarded as excessive.

The patent grant was parochial in character: that is, it covered the United States. Anybody who had an invention which he wanted to protect elsewhere had to go through a whole host of national patent systems, requiring acquaintance with numerous and different laws and regulations, the employment of counsel in numerous jurisdictions, and the avoidance of pitfalls too numerous to mention.

We discovered that our patent system was not compatible with and materially different from the patent systems of most of the industrial nations of the world, even in areas of regulation where it would make no difference whether we operate under one or the other alternative.

We discovered that the machinery now available in the Patent Office, both physical, mechanical, and in terms of manpower, was becoming incapable of handling the vast river of material which is today flowing through in consequence of the explosion in the technology of our country and of the world and by reason of the escalation in the sophistication of the new technology, as it is being developed. That this is happening is, of course, no accident. More money is today being spent on research and development by Government, by institutions of learning, and by private industry than ever before dreamed of in the history of our country. Out of that concentration of effort, there has flowed an immense increase in the volume of technological literature and other forms of innovation disclosure which have made it almost impossible for the present arrangements of the Patent Office and the personnel of the Patent Office to cope with.

So that at this time, despite a generally recognized and enormous effort made by the Commissioner of Patents to accelerate the output of the Patent Office and to simplify the procedures where possible, despite that, we still are faced with a backlog of over 200,000 patent applications today pending in the Office, and that may well be growing, and we are still faced with a period between deposit of the application and final disposition running into years, probably at least three and maybe more.

In short, gentlemen, we are confronted with the need of doing a 1977 job, and I suppose we ought to plan at least for a decade ahead, with a tool largely fabricated in 1836. It is not likely that the two will find themselves compatible.

Now, then, how can we deal with these deficiencies according to the Commission recommendations? First, consider the problem of the quality or lack of quality of a great many of the patents now being issued. The Supreme Court recently made the comment, which indeed is heard in many places, that the Patent Office and the courts apply different standards of invention and that by reason thereof, the courts frequently and very often declare invalid the patents which the Patent Office has issued. My own diagnosis of the situation is a little bit different. It may be that there is a slight difference in standard between that which the Supreme Court envisages and that which the Patent Office in practice applies. After all, you have two different groups of people with different backgrounds and training. But I think the real difficulty is, and we have not focused enough on the fact, that it is almost inevitable that there should be a difference, for this reason: Patents are issued as the result of an *ex parte* application to the patent examiner. There is nobody there to challenge the statements, revelations, arguments advanced by the applicant except the patent examiner himself.

Whenever you have a system of grants issued on the basis of *ex parte* application, it is but natural that you are not going to get the same result when that same application is subjected to an adversary proceeding, where somebody is making it his business to discover all the deficiencies and defects in the application, and who can afford to spend enormous amounts of money to discover that which the examiner failed to discover.

In my own view, it is unjust to criticize the Patent Office for departure from standards which the courts apply when the whole system is based on an entirely different premise. If I were to make a comparison, I would say that if all plaintiffs in our courts could go into court and on application to the judge without the presence of an adversary ask for judgment and get it, and only later would the defendant come into court to challenge the judgment, I think you would find that a good many judgments so obtained *ex parte* would be stricken out after the adversary came in to challenge it with his proof and his arguments.

Senator McCLELLAN. Have you suggested any way to correct that situation?

Mr. RIFKIND. To some extent. You will see that we have made an effort, although in the final analysis, the patent system will have to be an *ex parte* system. But we have made a number of suggestions which tend to introduce a number of elements of a contentious procedure into it.

Senator BURDICK. Mr. Chairman, at this point, as I recall, it has been stated that a considerable number of patents have been subjected to challenge and 50 to 60 percent of those challenged have been found to be defective.

Mr. RIFKIND. I think the percentage is true. In the circuit in which I practice, which is the second circuit, about 60 percent of the patents

which are subjected to challenge do not survive. But, of course, a minute number of patents are subjected to challenge and indeed, a minute number of patents are ever subjected to use.

Senator BURDICK. Do you think the ex parte procedure is to some degree responsible for this?

Mr. RIFKIND. I will list a number of them. I think the ex parte aspect of it is an important one which should be taken note of, largely as a matter of moderating the sense of alarm about it. I do not think there is any occasion to get so violently upset about it as some people seem to have indicated.

Senator McCLELLAN. Am I correct that less than 2 percent of the patents are challenged?

Mr. RIFKIND. I think your percentage is about right from what I have heard.

Senator McCLELLAN. And that it is 60 percent of the 2 percent or less that are held invalid?

Mr. RIFKIND. That is right?

Senator BURDICK. It could also be a fact that most of the more important patents are challenged?

Mr. RIFKIND. I think that is right. It would be the ones that make an industrial impact, obviously.

Now, built into the practice is a rule which has tended to keep quality down. That rule is that when the examiner is in doubt as to whether the applicant should or should not get a patent, the doubt is resolved in favor of issuance. I am told that that has recently been erased or canceled. I would say that it is a provision which cannot possibly withstand challenge in any logical world with respect to the issuance of patents. Despite that, I should inform you, however, that that rule in favor of resolving the doubt in favor of the applicant is the rule which has been enforced by the Court of Patent Appeals.

Another aspect, another cause of the low quality has been an operating practice within the Office. I do not know whether that is still in effect today, but was in effect at the time the Commission was examining the matter, is that the examiners are subject to a quota system. By that I mean that an examiner's rate of progress in the ranks of the Office depends upon his meeting certain quotas of dispositions. It reminds me of the justices of the peace who used to get paid only when they found a defendant guilty. I think that most people who have examined our judicial system have frowned upon that practice. And here you had a system whereby in order to win a promotion, the examiner had to get final action on a very high number of applications. I do not think that was conducive to rigorous examination with a view to challenge. It takes less time to allow an application than to engage in endless correspondence and interviews with a disappointed applicant.

I have already mentioned that the Court of Patent Appeals favored this rule of doubt, and since one method of review of rejection by the Patent Office was to take your case to the Court of Patent Appeals, naturally, that produced results which were favorable to modestly qualified patents.

We have suggested a number of remedies to deal with these deficiencies. The first one appears in recommendation No. 10 and is embodied in section 137 of the bill pending before you, S. 1042.

Senator McCLELLAN. Off the record.

(Discussion off the record.)

(Recess.)

Senator McCLELLAN. The committee will resume.

Mr. RIFKIND, you may proceed. I am sorry about this delay. There is no way to avoid it.

Mr. RIFKIND. Thank you, sir.

Just before the recess, Mr. Chairman, I was soliciting your attention to the 10th recommendation of the Commission which is reflected in section 137 of the bill. That recommendation puts the burden of persuasion for the grant of a patent upon the applicant. Indeed, Mr. Chairman, the law now provides that a patent shall enjoy a presumption of validity. But I submit that it is very difficult logically to justify a presumption of validity if the patent is tainted in its very origin by the proposition that it was issued in resolution of a doubt in favor of issuance. This defect has a pervasive effect because the patent examiner, in practice, is forbidden to disclose that he had issued the patent by the exercise of this rule of doubt. The consequence of that is that every patent is subject to the possible taint that it was issued only in discharge of this duty to issue a patent in resolution of a doubt. And one of the consequences of that is, and I believe most members of the patent bar will agree, that in fact, whatever may be the law, the courts pay very little attention to the presumption of validity. Thus, it happens that a very useful rule, the presumption of validity, has been emasculated by reason of an office practice which ought not to prevail.

Senator McCLELLAN. What would you have the presumption be?

Mr. RIFKIND. I would have the burden of persuasion upon the applicant, as in every other administrative proceeding, whether it is to obtain a certificate of convenience and necessity for a motor truck route or a license for a radio station or no matter what it may be. Normally, in every other department of the law, the burden of persuasion is upon him who solicits Government action.

Senator McCLELLAN. How is he to establish that, since the Government has all the records of patent notes? They have the best opportunity and most information upon which to form a judgment about it.

Mr. RIFKIND. The information to which the patent examiner has access is equally available to the inventor, of course, or to his counsel. Indeed, much more is available to the inventor if he has competent counsel.

Senator McCLELLAN. It may be available, but not as conveniently so, for the Patent Office has hundreds of employees, paid for by the Government, available to go search out those records, and so forth. A fellow who gets an invention—thinks he has an invention—does not have the resources to search those records.

Mr. RIFKIND. Well, those records which are regarded as anticipations of his invention are cited to him in an Office action. He knows then what it is that the examiner is complaining about. It is up to him to meet the challenge. As a legal proposition, I think it is very difficult to sustain the notion that a man should get a patent although he has failed to persuade the patent-granting authority that he is entitled to it.

I realize that that recommendation has met with some resistance. I have heard one distinguished gentleman, very distinguished in this field, say that we ought not to frown on these poor patents, even though they may ultimately be knocked out, because some very good little businesses have been established on bad patents. Well, that may be a fact; but I suspect that we may find that some very successful marriages have resulted or been founded upon unilateral Mexican divorces. But I do not think anybody would recommend that should be the universal rule. And perhaps some debts have been paid with counterfeit bills, but nobody would suggest that that should be the regular rule.

I am more concerned, or at least I should call your attention to the fact that although a committee of the Patent Section of the American Bar Association has favorably reported on this particular change to which I have just adverted, the section, as a whole, voted against it. And perhaps I ought to say a word about the whole report of the Patent Section of the American Bar Association, and I hope you will forgive me if what I say is out of order.

I have, myself, been a member of the American Bar Association for more years than I care to admit. I should confess to you that as individuals, I do not know a group of people with whom I would rather play and work and drink than lawyers. But once they are formed into an organized body, a group, somehow or other, they are not conspicuous, either for imagination or for breakthroughs or for bold reforms. When they meet in an aggregated body, it seems that the cautions which are, of course, characteristic of the profession, and the fears which are, of course, the attributes of a great many of the practitioners, reinforce each other so as to create a wall encompassing them with fear so that you cannot break through and make progress. Inside that wall they just worship the status quo.

In one sense, I am rather pleased to see that the Patent Section of the American Bar Association has rejected this whole report, practically, except for a few modest suggestions. That satisfies me that what we have done and what has been recommended by the Commission makes a difference. The worst ignominy that I can imagine that would accompany the work of a commission of this kind would be to come up with some placebo that means nothing. So at least we know that this has jolted the patent profession and shaken them up into a reexamination of a great many of their premises, and perhaps out of that collision will come even a better light than the one we have been able to cast upon this problem.

Now, I said that one of the problems of patent quality was that it was the result of an *ex parte* proceeding. We have, through recommendation No. 11, which is embodied in section 136, introduced a small dose of the adversary proceeding. The public is, under that section, invited for a period running from 3 to 6 months, in the discretion of the Commission, to bring to the attention of the Patent Office prior art of which the Patent Office may not be aware. And certainly, that should be a source of help to a harried and hurried examiner, who now has but his own eyes to assist him in this very difficult process. This will invite those who have an interest, after publication of the proposed patent—proposed patent, not the actual

patent—to see to what extent it may trespass upon that which they have already been doing, or in which way it will bar their entry into fields with respect to which they have had plans in contemplation; they will then bring their own staffs and lawyers and engineers to work upon searching out the prior art and calling it to the attention of the examiner.

This has an advantage to the applicant, too, especially the small applicant, the independent inventor. I say that for this reason: The great research organizations, those that are commanded by hundreds of people and have billions at their disposal, they do their own advance searching before they submit their applications. They are not troubled so much by suddenly discovered prior art. The one who needs help is the kind of an inventor that the chairman referred to, who is frequently suddenly confronted by some prior art of which he had no knowledge. It is to his advantage to become aware of that at the earliest possible moment, because then he can modify his claims, revise them so as to still entitle him to a patent, perhaps somewhat more limited than the one he had hoped for, but still a patent, whereas, in the old method, he gets himself a patent which then subjects him to litigation which he can ill afford, and finally, he finds that he has no patent at all because the prior art is cited and the judge declares his patent invalid. So I regard that as of great service, particularly, to the small businessman and to the independent inventor who does not have access to the kind of facilities which are available to the large inventive organizations.

Recommendation No. 13 introduces another small element to elevate the quality of the issued patent in that it enjoins somewhat greater respect for Patent Office action in rejecting a patent application, which is the converse of saying that its decision should be entitled to a presumption of validity if it grants a patent. The rule of recommendation No. 13 has to be written into the statute, we submit, because in practice, the Court of Patent Appeals has not accorded this particular agency that kind of respect. The rule suggested is a rule of universal application throughout the statutes of the United States in dealing with almost all other administrative agencies of which I have knowledge.

Senator McCLELLAN. Does the bar association oppose this recommendation?

Mr. RIFKIND. I think they do oppose that. The fact of the matter is that in the Patent Office, we have precisely those characteristics of an administrative agency which have warranted the Congress over a period of many years to accord special recognition to the decisions of an administrative agency, namely, a body of experts who have acquired experience and expertise in the handling of a problem. For some reason, although this agency perhaps enjoys expertise more than most other administrative agencies, it has been denied that respect. We think that, too, will promote the escalation of quality.

Now, the mode of appeal that we have here suggested, we think may be very helpful: At the present time, a patent applicant who is disappointed in the action of the Patent Office has two routes by which he may seek relief. He can go to the District Court of the District of Columbia and there have a trial of the facts and get a decision if he

can, more favorable to his application, or he can avoid a new trial, simply proceed to the Court of Patent Appeals and there get a review of the decision on the basis of the record made in the Patent Office.

Senator BURDICK. Is the proceeding in the district court *de novo* from the beginning.

Mr. RIFKIND. A *de novo* proceeding, as I understand it. From the district court's decision, there is an appeal to the Court of Appeals for the District of Columbia. From the Court of Patent Appeals, there is no such appeal, but only certiorari to the U.S. Supreme Court. I need hardly say that, considering the calendars of the U.S. Supreme Court, the chances of getting certiorari in the Supreme Court from such a decision are very dim. I think the last session of the Court was the first time that the Supreme Court acted on certioraris in a few patent cases in a period of I do not know what—a generation. That is understandable. The Supreme Court has so broad a jurisdiction, it has to select the cases it will hear.

We here suggest that the Court of Patent Appeals being the first judicial review of Patent Office action, ought to be comparable to an application to the District Court of the District of Columbia, which is the first judicial review of Patent Office action, and that both decisions from both courts ought to be reviewable in the Court of Appeals for the District of Columbia. That will have the advantage of creating a single court, namely, the Court of Appeals for the District of Columbia, which will lay down a uniform set of standards for the Patent Office, and avoid the present conflict which arises between the somewhat different interpretations of the law as between the Court of Appeals for the District of Columbia and the Court of Patent Appeals. Indeed, I think there is an application now pending in the Supreme Court of the United States to resolve one of those. But in fact, we know that the Court of Patent Appeals has taken a more generous view of patent applications than the Court of Appeals for the District of Columbia, which is a court of general jurisdiction. The new rule may tend, also, to establish a somewhat firmer ground for the validity of the issued patents.

Recommendation No. 1 is of great importance, in my opinion, and is likely to arouse some resistance. I suppose it does. That would create a rule of universal prior art.

Perhaps I should explain it briefly this way: At the present time, the law is that any publication, no matter where published, may constitute prior art against an applicant for patent, but that public use is anticipatory of an application only if it occurs within the United States or its territories. That rule made a great deal of sense in 1836 or whenever it was first enacted, when we had a different system of communication, different system of transportation, and generally a different world than we now live in. Today, with the speed of travel of which we are all aware, the speed of communication, of which we all take note, the reward of a patent ought to be granted more sparsely than simply to someone who brings something that is going on in a public way in some other country. It might be Mexico or Canada or Russia or China. All kinds of hobgoblins have been raised about that. Somebody said, supposing this public use is in some little back alley somewhere in Afghanistan. Are you going to knock out an applicant on that ground?

Well, nobody ever complained that a foreign publication should be disregarded because it occurred in a place that you do not know anything about? I suppose we have to have some respect for the courts of this country, and my observation is that a little use in some alley in Afghanistan would not constitute public use to defeat an application for a patent. But if the matter is in public use, whether it be in Germany or in France or Montana or Canada or Hawaii, it ought to be a bar to a patent. We have moved a long, long way from the days when Mr. Marco Polo brought the science of the East to the countries of the West, and, therefore, was entitled to a great reward. I think today those things move much more rapidly.

In recommendation No. 11, which is not reflected in the bill because it is not something that can be, I suppose, translated into legislative action, we have recommended in addition a system of internal quality control. I must confess that I, not being an industrialist, do not know exactly how you establish internal quality control systems. But my colleagues on the Commission, who are masters of industry and research organizations, say that it is quite feasible by methods which they discussed indeed, to introduce internal systems of quality control which would tend, over a period of time, to elevate the general level of quality in the patents which are being issued. And in recommendation No. 26, which is reflected in section 15 of the act, we recommend the establishment of any advisory council, one of whose functions would be the supervision of the quality of control from an outside point of view.

Incidentally, talking about expanding the scope of prior art to include foreign use, this anomaly is an interesting one under the present law. A foreigner may come to the United States and get a patent on a product which he could not get in his own country because in his country, it is in public use. But because it is not in public use in the United States, he can get a patent for it in the United States. It seems to me that that kind of anomaly also need not be continued.

Now, in recommendation No. 27, we have another aspect of the problem which is not reflected in this bill but which, I respectfully submit, calls for the utmost consideration by the Congress in forms of legislation other than a patent revision bill. And I mean now to address myself to the problem of quality as reflected in the instrumentalities which create, which issue our patents. We have an outmoded plant and we have an outmoded system of recruitment and we have an outmoded staff to issue patents today. If we really have the regard for the patent system as a catalyst of invention and innovation which we profess, both in the presidential communications and in the Commission reports and in the reports of the Congress, then it seems to me that we ought to provide the practical means of achieving it. That means updating the equipment, the facilities, the machinery, which is available to the patent examiner. It means rehousing him and putting at his disposal the finest tools for the storage and retrieval of information that modern science makes available.

It means more than that, Mr. Chairman, in my opinion, it means elevating the morale of your examining staff by professionalizing it. This is a very important and delicate task that they perform. The

evaluation of the growing tip of Americans' technology. That takes learning, it takes skill, it takes devotion and dedication, it takes imagination, it takes study; all of the attributes which characterize a profession. And they ought to be lifted to the status of and classified as professionals and given a career which provides rungs of promotion which would stimulate the service, stimulate young people who are qualified for that, into entering into this service on a professional basis so that they can look forward to it as a great career. It ought to be a great career. At the present time, it suffers much in the way of reward, in the way of status, in the way of dignity and in many other respects which differentiate it from the great professions of this country. I would regard that as one of the most important steps which the Congress can take in order to elevate the quality of our patents.

Finally, in section 12, and finally in this aspect of the program, we suggest a study of the whole new area of modern storage and retrieval of data, which is bursting upon our scene with all these newly developed methods. The computer, of course, has become a new creature of our society. It holds great promise for putting at the disposal of our examiners and the disposal of our industrialists and inventors and scientists generally the whole body of knowledge of which this generation is heir, and which future generations will inherit from us, and for putting it at their disposal quickly and inexpensively through the use of these new and highly sophisticated methods. It will cost a fortune of money; but there is no doubt in my mind, that sooner or later, this country has to mount that steed and ride with it, because it will become the indispensable tool for the technological growth of our country in the future.

Now, Mr. Chairman, I have spoken of a number of proposals which are designed to escalate the quality of our patents. Let me now say what that will do to other phases of the patent problem. Quality interpenetrates all of the other phases of it. Once it is known that only patents of quality will issue, that will become implemented in inventors' office, in law offices, in a hundred different places. The result will be that the volume of trivia which today travels through the patent office will be reduced, materially reduced. That will, of course, release the patent examiner for the examination of more worthwhile material.

Moreover, it will encourage defensive publication instead of defensive patenting. By that I mean this, as I am sure you gentlemen know: A great many patents are filed, especially by large corporations, not with the view of obtaining a monopoly in order to exclude others from the exploitation of the new idea, but to make sure that nobody else will get a patent which will then exclude them; and that is called defensive patenting. Once it is known that patents only of quality will issue, you will not need so many defensive patents which are designed only to protect you against this risk, but defensive publishing will be sufficient. Once patents of quality are regarded as routine and as the established standard, the amount of litigation relating to patents will diminish. And, of course, that will save the money of the inventor and of the industrialist who is involved.

Litigation tends to erect barriers in the path of innovation—that is, one who is about to introduce some innovation, finding some little

patent in the way, is discouraged from proceeding. Since he cannot afford to litigate every barrier that arises in his way, he goes off in some other direction.

If you eliminate these things, you will eliminate the barriers from the path of innovators. And, of course, it will again be of great benefit to the small inventor and the small businessman, because there is one thing that is unquestionably true: The possession of a bad patent is a snare, a delusion, and an invitation to the loss and waste of money. If he tries to enforce it, he is licked; if somebody else brings an action against him to declare the patent invalid, he finds himself involved in expensive litigation when the sad result is foredoomed. By eliminating that kind of shabby material, you are eliminating a source of expense, anxiety, and trouble.

And think, gentlemen, of the social loss which is avoided in preventing people from investing large sums in the erection of businesses which are founded on patents which turn out to be worthless. And on the other side of it, think of the elimination of the discouragement from entering into business which is caused by the fear that there is a patent in the way.

So, from every point of view, the escalation of the patent quality would promote the industrial and scientific and technological welfare of the United States. In my opinion, escalation of quality is the one most important step that the Congress can take to help the patent system perform its constitutional mission.

Now, I would like to address myself to a second phase of the Commission's investigation. That was addressed to the problem of shortening the patent-granting process and to expedite the patent-disposition period. I am assuming that you have a well-housed, well-staffed, and highly motivated Patent Office enjoying a high morale. Assuming that, what are some of the devices which we think can promote the acceleration we desire? The most important of these is a recommendation which has received much challenge; namely, the recommendation that we change from the present system of issuing a patent to the so-called first inventor to the issuance of the patent to the inventor who is first to file. I have to restate that, because it has been more frequently misstated and misconstrued than any other single recommendation of this Commission.

This Commission does not recommend that a patent should issue to a person who walks into the Patent Office with a piece of paper on which he has written down something that he has heard somewhere or read somewhere or copied from somebody or stolen from somebody. Some of the criticisms that I have read suggest that that is what this Commission has proposed. It has done nothing of the kind. What the Commission has done is to say that as between two inventors—a common occurrence, incidentally—both of whom claim to have arrived at the same invention, and the problem is who shall get the patent, since our patent system does not award any second prizes, the resolution of that question should be determined by selecting the one who first disclosed to the Patent Office what he has invented.

A number of advantages immediately come to mind in doing it the way I have suggested. One thing, it accelerates the whole process; because if the time of filing is important, then, of course, the inventor

will not sleep on his rights. He will proceed to the Patent Office at the first opportunity.

No. 2, at one stroke, it eliminates the most sluggish aspect of the patent-granting process, and that is the so-called interference proceeding; that is, the proceeding by which today, in the Patent Office, the issue is resolved as between two inventors as to who first conceived and who first reduced to practice the particular idea. I may say that anybody who has gone through one of those interference proceedings must have gone away from it with a heavy heart; because it is based upon unsupervised entries in books and records, on affidavits and oaths uttered under great pressure.

I do not know of anything that is more promotive of, at least, shading of the truth than the interference proceeding. The law is not unfamiliar with that kind of a problem. We have statutes of frauds by which we say that in certain transactions, no matter what the facts are, you cannot enforce your right unless you have a writing to support it, because experience has demonstrated that absent a writing, the opportunity for fraud is too great to be socially desirable. We have statutes of limitation, because it has been learned that after the lapse of a certain time, despite what you may know or think you may know, records are lost, witnesses have gone, and it is socially more desirable to quiet the transaction and to bring repose to the parties than perhaps to give the right to a particular party.

So, here, this contest between two inventors can become so troublesome, can be so promotive of fraud, can be so disturbing and so slow down the whole process, that it is desirable as an arbitrary rule to say that he who has performed the last function demanded of him by the Constitution first, he shall receive the reward. And, of course, the Constitution contemplates that there shall be a disclosure of the discovery, and not simply the conception of it in one's mind. Interestingly enough, we find that it is in most countries the practice that prevails, and to the extent that this brings American practice into harmony with that of many other civilized and industrial nations, I regard that as a plus rather than as a minus.

Now, it has been said that this destroys the year of grace. And, of course, it does. The next section that we have does the same thing; but the people who have made that criticism have failed to correlate it with another important recommendation, which is that there may be filed in the Patent Office a preliminary application, informal in character, requiring no professional skill in preparing, which endows a disclosure with a publicly recorded date of filing, and not a privately kept notebook; and it gives the inventor the protection that he is entitled to have.

Senator BURDICK. Mr. Chairman?

I want to be the devil's disciple, at least for a moment. You say this question of interference only applies to the two people involved who are the inventors.

Mr. RICHMOND. It could be three, of course.

Senator BURDICK. Three; yes. What about the case where somebody is up in the attic working on his invention and somebody gets a copy of it and runs down and files first, like the race to the courthouse? What can you do about that?

Mr. RIFKIND. Do the same thing you do today. If somebody runs down to the bank with a note that seems to bear your name and it is not your name.

Senator BURDICK. What is the remedy?

Mr. RIFKIND. The remedy is an action of fraud. He can go straight to the Patent Office or to the courts; either one. This statute does not provide for the issuance of patents for stolen ideas. Indeed, if he publishes the stolen idea, then the true inventor has 6 month after publication to come in and challenge it.

Senator McCLELLAN. I think we had better take a recess. Is it past 12.

Could you gentlemen return at 2 o'clock? Would that be convenient for you?

Mr. RIFKIND. Certainly.

Senator McCLELLAN. I am sorry we were interrupted this morning. We probably could have concluded if we had not been. At any rate, we will stand in recess until 2 o'clock.

(Whereupon, at 12:10 p.m., the hearing was recessed until 2 p.m., the same day.)

AFTERNOON SESSION

Senator McCLELLAN. The committee will come to order.
Judge Rifkind, you may proceed.

STATEMENT OF SIMON RIFKIND—Resumed

Mr. RIFKIND. I will try to be as brief as I can and wind up.

Senator McCLELLAN. We do not want to hurry anybody. We try to move along so that we do not inconvenience anybody.

Mr. RIFKIND. Just before the recess, Mr. Chairman, I was addressing myself, I believe to the relative virtues of the preliminary application and the grace period. Let me summarize by saying that I believe that every legitimate objective of the grace period is served by the preliminary application. On the other hand, a number of dangers which reside in the grace period are avoided by the use of the preliminary application. I refer particularly to the danger in which the independent inventor, the unorganized inventor, finds himself. He does not have the facilities of a great research corporation to file simultaneous applications in 50 industrial countries. The result is that he relies on his grace period, he publishes his story, or he puts his invention to use and in due time, of course, he can file his American application and he is saved. But he has meantime sacrificed any hope of getting any patent protection in any of the foreign countries. That danger is avoided by the method that has been proposed in this bill.

The proposal, incidentally, was favored by the Committee of the Patent Section of the American Bar Association, but again was overruled when it was submitted for general vote by the section. I suspect that here, too, we have a case of rejection on the basis of a fragmented consideration of the proposals without consideration of their inter-related effect.

I come to another method devised in this bill for the acceleration of the process of patent disposition. One of the most important devices for that is to change the duration of the patent so as to measure its duration not from the date of issuance, but from the date of filing. By

that simple change, all of the motivations which today are organized in the direction of delay are redirected toward speed. Today patent counsel takes the maximum time for every action he has to take, knowing that by postponing the date of issuance, he prolongs the monopoly that he hopes to obtain, since there will be some time before his inventive device can be put into production——

Senator McCLELLAN. How much time now can they take altogether?

Mr. RIFKIND. Well, he today has 17 years from the date of issuance. But from the date of application to the date of issuance may elapse 3, 4, 5, 6, 10 years.

Senator McCLELLAN. There is no limit?

Mr. RIFKIND. No limit at all.

Senator McCLELLAN. Do you think some deliberately procrastinate in meeting the requirements and processing it in order to thus gain that additional time?

Mr. RIFKIND. Thereby you postpone the date when the monopoly goes into effect, but you also postpone the date to which the monopoly will endure. The expectation is that it takes time for the commercial exploitation of the product in any event, so there is an advantage in such delay.

Senator McCLELLAN. What real harm comes from it, that is what I am trying to ask.

Mr. RIFKIND. The harm that comes from it is a very great one, Mr. Chairman. As long as that patent application lies in the Patent Office in secret, first of all, it fails to make its contribution to the body of technological information that our society ought to have. To that extent, therefore, it does not make its contribution to the promotion of further investigation; but more than that, it is a positive harm and hindrance, because not knowing what is in this very pipeline which is in the Patent Office, you might proceed to develop some business, and then after 5 years, suddenly discover that a patent issues which condemns your business to destruction. You may not know anything about it. It is a dangerous boobytrap that may explode at any time in your face because of its long underground existence.

We have done more than that to prevent that. We have also made a provision for compulsory publication inside of a period not later than 24 months from the date of filing in order to obviate this danger.

Well, by changing the commencement of the period of calculation from the date of issuance to the date of filing, you change all these motivations in the direction of speed and promptitude because the inventor and his counsel know that his patent will expire 20 years from the date when his application is filed. He therefore wants to enjoy the maximum period of monopoly, and that he can only achieve that goal by speeding up the process during which his patent application resides in the Patent Office.

The reason for the 20 years is a simple one. First of all, we calculated that the present system allows him 17 years of monopoly, and we added the average period of residence within the Patent Office, a pendency of about 3 years. It so happens that most of the industrial nations of the world have a patent life of 20 years. So, by adopting that measure, we have achieved both purposes of promoting acceleration and harmonizing our system in a nondeleterious aspect with the international community.

I have already mentioned the requirement which is now expressed in sections 123 and 151 for publication of the patent application inside of 24 months. There has been some protest on that. I think that it has a great many advantages. It is not unfair, as has been suggested, because the patent is being issued in return for disclosure; that is the quid pro quo which the Constitution has instructed us, and consequently, disclosure is one of the things that you expect when you file your patent application. And you have 24 months to change your mind. You can always withdraw it and keep your processes secret if you want to.

On the other hand, publication makes possible the public participation of which I spoke in the first part of my remarks. To that extent, it exposes your patent application to outside scrutiny and gives you greater assurance that if you do get a patent, it will be a valid one; and what is the use, after all, of getting an invalid patent which simply subjects you to expense?

So, in total, to summarize the advantages of such a procedure, it accelerates disclosure of the art to the public; it permits, therefore, further invention both in line with the disclosure and around it, because some possible prospective infringers will try to invent a method of circumventing this new disclosure. It notifies the trade so they know whether they should go into a line of business without fear or with fear or apprehension, and eliminates the secret boobytrap to which I have already referred.

I come now to another section of this Commission report which deals with the subject of how to reduce the expense incident to the entire patent process, both issuance and litigation. A number of simple recommendations I have already mentioned, such as the public citation period, should reduce expense. We have also made provisions for the possibility of an assignee of a patent application filing it without the cosignature in the first instance of the inventor. That will eliminate a great deal of delay which is now recurrent in the effort to find the inventor who may have assigned, given an assignment.

A very important contribution in the direction of reducing expense is the cancellation provisions provided for by recommendation 15 and in section 257. The cancellation procedure is an interoffice method; that is, it is a procedure which takes place in the Patent Office instead of in the courts. To that extent, it immediately reduces the expense involved.

What it amounts to is a sort of poor man's declaratory judgment action. As you know, today a prospective infringer may bring an action for declaratory judgment to declare and issued patent invalid. That proceeds by the same rules and exactly by the same method as if it were an infringement suit in which the patent owner sued the infringer. That is a costly, elaborate, full-fledged courtroom procedure, with all of the pretrial proceedings and expensive depositions, and so forth. A cancellation procedure is a much more limited business. It may be taken advantage of only during the first 3 years of the issuance of the patent, and what it involves is calling to the examiner's attention some prior art which he failed to notice, or some prior use which he may have failed to notice; and very quickly, the case is either made out or it is not made out. To discourage trivial application or im-

proper applications of this cheap remedy, there are provisions in the bill which would impose important costs upon the initiator of this proceeding if it turns out that he was wrong.

And all in all—I do not want to go into extensive detail about it—it is a shortcut method of declaring an application invalid on fairly obvious grounds which otherwise would have to take its course through the courts in an expensive operation. This, too, would give the inventor an opportunity to revise his claim in order to get a smaller monopoly to which he may be entitled.

Senator BURDICK. Mr. Chairman.

Senator McCLELLAN. Senator Burdick.

Senator BURDICK. Is this all *ex parte*, too? Are all the parties noticed?

Mr. RIFKIND. It is not a full-fledged hearing, but it is not *ex parte*, since it is one petitioner who is calling attention to a deficiency in the patent. It is submitted to the Patent Office. The Patent Office then, in writing, submits it to the inventor, and there is a paper encounter. It is *ex parte* in the sense that there is no open hearing. But it is not *ex parte* in the sense that there are two sides to the controversy.

Senator BURDICK. Is there any relief from an erroneous decision there?

Mr. RIFKIND. Yes, there is. You go through a regular Patent Office procedure, to the court of appeals or the district court, just as if it were in the original situation.

A method of reducing the expense of litigation is governed by recommendation 23, which is put into legislative form in section 294. That is the so-called estoppel of an adverse judgment. Under the present system, an inventor who fails in the first circuit and has his patent there declared invalid, may nevertheless proceed through the 10 circuits and sue somebody in each one of those circuits all over again, and you have to go through the same trial and the same thing all over again, and everybody is exposed to that expense. This provision says that once it has been finally held that a patent is invalid, then that is an estoppel against him in all other circuits.

Very interestingly, I read only the other day in the courts of New York where they applied this doctrine judicially, without legislative help, in a situation like this, and I think the analogy is apt. I think you gentlemen of the committee are all lawyers and will follow me if I make the statement very brief. An action is had against the driver of an automobile for negligence. The jury decides in favor of the driver. That is followed by an action against the owner of the automobile on the ground that his driver was negligent. In the old days, that would be tried in a brand new trial, because the owner had not been a party to the original proceeding. This court held that, since it had been adjudicated once in an action by this plaintiff that the driver was innocent of negligence, he should not have another chance at proving the driver's negligence in a new action against the owner of the automobile.

The same general doctrine applies here. The inventor, having had a full opportunity and a day in court to demonstrate the validity of his patent and having failed, he should be barred from subjecting everybody else in the United States and the other circuits to the expense

of relitigating that issue. It is, of course, impossible to do the thing in reverse. You cannot hold that if the patent were found valid against one defendant, it must be valid against another defendant, because that other fellow did not have a day in court.

We recommend civil commissioners in recommendation No. 24 in order to reduce the cost of the trial proceeding. It has been validly said that if that is a good way of reducing the cost of pretrial proceedings in patent cases, why should it not be used in all other cases? It may well be. The only reason why this Commission confined itself to the patent field was it was the only area of the law committed to its care.

A final word I would like to say about a goal and a distant hope, which is reflected in the Commission report, although I do not think that it finds much expression in the bill. That is the expression of a prophetic note in the Commission report with respect to the long-range, distant establishment of a universal patent. By universal patent, I mean a patent issued on a single application in a single office for a single filing fee, which is issued in the light of and because inventive overall the known art of the entire world, and which results in a patent which is valid and recognized throughout the world, in all of the civilized nations of the world that take part. This may seem like a very remote goal, but I think we are in an area of technology in which there are no national barriers and bounds. No single nation in the world has a monopoly on brains and technology and skill. I do not believe the United States can afford to be parochial. It must tap the brains of all the able and imaginative people around the world. I cannot imagine a device more calculated to advance the peace goals of the United States than to have the whole world unite in a single and universal protection of the intellectual product of the able people of this world.

I think the importance of establishing such a goal is not that we can possibly expect that such a thing will be done within a very short space of time, but I think that by establishing this kind of a distant goalpost, we can be sure and make sure that in the intervening steps that we take, we do nothing to prevent the achievement of such a goal, but to the contrary, take those intermediate steps which would make it possible to accelerate the day of its achievement. That can be done. There are already groups of nations that are uniting in common patent systems, like the Nordic States. There is some talk about uniting the nations of the North American Continent, and so on. If we can promote that, harmonize the legislation in those areas, where it does not have any adverse effect upon the American patent system, and keep this distant star in sight, I think we will advance the interests of the United States.

I will conclude, Mr. Chairman, with your permission, just with this one comment: There has been criticism expressed of the report of the Commission, as I have indicated, by a section of the American Bar Association. I think it is the product of parochialism. I do not say that in any offensive sense. I mean a body of men is dedicated to doing a thing in a particular way; they do not like to see themselves discommoded and dislodged. It is natural. But I think that if we are going to improve our patent system, we have to take some radical

remedies. These are not revolutionary remedies that are proposed here. They are radical but evolutionary, conceived as harmonious with the process and in the light of the technological development of the last century.

In the final analysis, I think we have to admit that patents, being monopolies, are exceptions to the private enterprise system that the United States regards as part of its maxims of life. It is granted in return and in reward for a contribution to the social betterment: each patent, as well as the patent system as a whole has to justify itself. They can justify themselves by some of the recommendations of the Commission as made and that are included in this bill.

Thank you very much, Mr. Chairman.

Senator McCLELLAN. Thank you very much.

Senator Burdick?

Senator BURDICK. I want to compliment the Judge for a very fine presentation. I have learned a good deal today.

Mr. RIFKIND. Thank you, Senator.

Senator BURDICK. I do not have any other questions than those I have already asked.

Senator McCLELLAN. You have made a very excellent presentation.

Mr. RIFKIND. Thank you, Senator McClellan.

Senator McCLELLAN. I understand Mr. Stever has to catch a plane soon, and we will give him the opportunity to proceed next, if he desires.

STATEMENT OF H. GUYFORD STEVER, PRESIDENT, CARNEGIE INSTITUTE OF TECHNOLOGY, MEMBER, PRESIDENT'S COMMISSION ON THE PATENT SYSTEM

Mr. STEVER. Mr. Chairman, gentlemen, I am honored to be given this opportunity; I know that you are short of time so I will make my comments very brief.

First of all, I am Dr. Stever, president of Carnegie Institute of Technology, a physicist by education and engineer-educator by profession, put out to pasture as a college president in my later years. I am not a substantial direct beneficiary of the patent system, although I do have a patent. I have been around inventive people in the world of technology all of my life. As a member of the President's Commission on the Patent System, I first became aware of some of the legal, judicial, and governmental aspects of the system.

I am not going to comment on a large number of the points made; I will confine my remarks to only a few. I feel strongly that the technology of the next decades will prove even more than that of the immediate past that we must revise our patent system. That is why I am a strong proponent of the report of the Commission and of many of the recommendations in the bill.

I am deeply impressed that the Patent Office badly needs help. It needs more support. It will not be able to do its job on the new proposed system or the present system or any other system, unless it is better supported. The inventions that are going to have a major impact on society—and those are the ones that we should get excited about, for they are the whole reason for allowing the monopoly grant-

ed in the patent system—will be more and more complicated. The inventors themselves will have higher degrees of education and will spring from backgrounds of broader and deeper technology. The patent examiners themselves must keep up with that growth in sophistication.

I have made this statement that inventors are going to be a part of a more highly educated group. Every now and then people point out the garret inventor and the inventor who just happens onto something because he is a clever person though not highly educated. There will always be some of those. But the significant inventions of the future will not come from the garret. In fact, the significant inventions of the recent past have sprung from a complicated and extremely well developed technology.

Lots of people who study the patents that have been issued point out that they are given to individuals, and usually they characterize these individuals as rugged and demanding and of a very special class. I think they are a special class of individuals, but they are also highly educated. They are not garret inventors. Land, the Polaroid material in the land camera—a highly educated man. Rabinow, magnetic drives and clutches; Carlson, Xerox; Shockley, Bardeen and the transistors; Draper, inertial guidance, and others in chemistry, metallurgy, computers, jet engines, airplanes, rockets, space—you name it. They are very complex. No one today can make a significant invention unless it depends on sophisticated technology. Our system must be prepared to take care of this.

When looking at the Patent Office and the people who work in it, one gets a shock to think that some examiners who have had good educations, who are quite capable, and who could go out into a highly developed technological lab would choose to go into an organization with such poor facilities. I do not think we are going to be able to get and keep good examiners unless we get better facilities and equipment. We will need more examiners who are better educated. I back up what Judge Rifkin has said in this and I think it may be the most important recommendation that we have made.

One other point. As an experimentalist, I find that no new system or new device, whether it is physical or conceptual, really is perfect in its first form. It needs to have modifications, especially at the beginning. I think it is extremely important, if you choose to go ahead with our proposal, that you set up provisions for competent reworking of it periodically.

Now we have made a recommendation along this line, which in fact was diluted in the bill submitted by the administration. I would prefer it in the original form. In the proposal to set up a statutory advisory council, which in the bill is No. 15, the administration has removed one element from the original recommendation. This is that periodically, the statutory advisory council which works very closely with the Patent Office and the Department of Commerce should report publicly. I think this is an important provision. I think it is important especially in the next few years if a new system goes in, simply to get out for public inspection again the actions of the new system to see whether it is functioning well and to see where it must be strengthened. Personally, I think this is a very important feature which should be brought back into the bill.

Other than that, I will stand on this report itself.

Thank you.

Senator McCLELLAN. Thank you kindly.

Senator, do you have any questions?

Senator BURDICK. No, thank you.

Senator McCLELLAN. Thank you very much.

Mr. Birkenstock.

STATEMENT OF JAMES W. BIRKENSTOCK, VICE PRESIDENT, IBM CORP.; MEMBER, PRESIDENT'S COMMISSION ON THE PATENT SYSTEM

Mr. BIRKENSTOCK. Mr. Chairman, I appreciate very much the opportunity to be here today to testify in support of the Patent Reform Act of 1967, S. 1042, introduced by Senator McClellan. I support this important legislation as I believe it is seriously needed to strengthen our U.S. patent system so that it can better fill the needs of today, and cope with the demands of the technological advances of the decades ahead.

In response to your invitation, I will give you my views on the need for patent reform. I will also discuss the desirability of harmonizing our U.S. patent system with those of other major countries.

I speak to you as a businessman. I am not a professional man; I am not an attorney. I am familiar with patent systems in the United States and generally throughout the world.

When man's ingenuity brings an invention into the world, man gives birth to a curious creature—a creature which has no conscience, feels no passion and has no sense of its own worth. The extent to which that value is realized in society, is dependent upon the care and nourishment that this creature receives from the businessman.

An invention may, or may not, be useful. It may, or may not, be patentable. Its legal status is determined by a set of rules, the basic pattern of which had its beginning in 1836. Under this set of rules, men are able to judge whether or not an invention is of sufficient value to merit the issuance of a patent and, thereby, determine whether it will have a legal life and value to its owner in the nature of a property right.

This set of rules, which we commonly refer to as a patent system, provides benefits to both the inventor and the public. However, since 1836, while the patent system has remained virtually unchanged, dramatic changes have occurred in the social, technological, and economic character of our Nation. The rapid growth of technology and the highly industrial nature of our national development have, in fact, brought about the inadequacy of our patent system and the need for change.

Nonetheless, our patent system has played an important role in this transformation.

Any patent system's primary mission is to serve the public. That service is best performed by encouraging early public disclosure of new technologies, thereby avoiding a society of practitioners of secret technology. Early disclosure reduces unnecessary duplication and provides a basis for advancing the state of the art.

The quid pro quo to the inventor for making public his discovery is the grant of a limited monopoly which in turn encourages the innovators to risk their capital.

The beneficial exchange of technological information across national boundaries, under the protection of a patent system, enables the innovator to broaden his markets and realize more from his investment.

The inadequacies of our present system which compel the changes set forth in S. 1042, are, in my opinion, as follows:

1. The quality and reliability of the U.S. patent are too low.
2. The period of pendency of a patent application from filing to final disposition is far too long, especially in the areas of complicated application.
3. Our present patent system makes no provision for early public disclosure of technological advances.
4. The expense of obtaining and litigating a patent is too high.
5. U.S. patent practice is not compatible with that of other major countries of the world.
6. Our present patent system will not be able to cope with the exploding technology foreseeable in the decades ahead.

I believe that the concern over these inadequacies is shared by many inventors and businessmen, particularly those who rely on the patent system to protect their industrial property. The concern over quality of the issued patent probably heads the list.

As the owner of an issued patent, the businessman naturally expects that it gives him an exclusive position with respect to his invention. Yet, when the patent is scrutinized by an infringer, a prospective licensee, or the courts, the patentee all too often finds that the protective "fence" around his property has "holes" in it.

Probably the most fundamental reason for this is that more pertinent prior art is found that was not considered by the Patent Office examiner. A second reason is the failure of the examiner to determine whether the invention meets a required high standard of patentability before issuing a patent.

Why do we find ourselves in this situation? I would suggest that there are several reasons:

The inaccessibility of pertinent prior art to the examiner is probably the No. 1 reason.

The use of a classification system in the United States unlike that of any other patent office in the world.

No classified repository for technical publications or journals which often indicate the most current state of an art.

The pressure on the examiner for throughput tends to mitigate against a thorough search of the prior art that is available to him.

In recognition of these problems, the provisions of S. 10412 make some radical departures from present practices. I would like to touch on several of these provisions and comment on their impact on the business community.

Each application would be published within 24 months of its earliest effective filing date.

The public would have the right to cite and apply prior art against such published applications prior to the issuance of a patent.

The Commissioner of Patents would conduct a program of research and development to improve and expedite the handling, classification,

storage, and retrieval of patents and other scientific and technological information.

There would be a standby deferred examination procedure as a means to be employed, as required, to take the pressure off the examiner for throughput at the sacrifice of quality.

A statutory advisory council, comprised of public members, would advise the Secretary of Commerce, on a continuing basis, of its evaluation of the current health of the patent system, and I agree with Dr. Stever that they should make their findings public.

From these provisions, particularly early publication and citation of art by the public, you can see that the public will be brought into the examination process at a time when its knowledge and experience can be employed to improve the quality of the final product.

Early publication will also have other beneficial effects:

It will serve as a basis for others to advance the state of the art.

It will save needless duplication of effort and reinventing the same thing.

It will also allow the businessman to plan intelligently his future business or investment possibilities.

The eventual establishment of a system for worldwide retrieval of information would be of immeasurable assistance in getting all of the pertinent prior art into the hands of the Patent Office examiner, leaving him much more time to analyze the application and exercise sound judgment. In addition, it would be an extremely useful tool for the businessman to learn the state of the art in the area of his business interest and thus enable him to make better decisions as to whether or not to file a patent application or produce a product.

Another serious problem with our present patent system is the long period of pendency of an application before issuance. This is of particular concern to the businessman since many patents come out of the "woodwork" years after he has made his decision to develop and produce a product.

The long pendency of applications allows the applicant, if he so chooses, to improperly take advantage of the system through late claiming techniques, penalizing the businessman that has innocently made a heavy investment and spent considerable time and effort in developing a commercial product and its market.

The evils of long pendency are not, by any means, one sided. Patent issuance delay also has its problems for the patent owner. He is faced with a long period of uncertainty as to the scope of the rights that will eventually be granted. Until his patent issues he cannot exclude others from using his invention.

S. 1042 attacks these serious problems by providing that a patent be issued to the first applicant to file an application on a particular invention. In my view, this is the key provision in the bill. Since there are many who would like to publish their invention or test market their product prior to filing an application, the bill makes provision for a preliminary application having minimal requirements as to form.

A first-to-file system eliminates completely the costly and time-consuming interferences, and together with the provision for preliminary applications, allows an inventor to promptly get his invention into the patent system. The defensive-minded businessman can follow

this procedure for his more important inventions and can publish those of lesser importance to set up a statutory bar as of the date of publication, thereby preventing others from getting patents on later filed applications that would block the defensive-minded businessman's freedom of action.

The effect given such publication under S. 1042, coupled with the provision for its citation as prior art against another party's later filed patent application on the same invention, would provide a means of eliminating completely the necessity of filing patent applications as a means of defensively protecting a product or business, thereby substantially lessening the workload and expense for both the Patent Office and the public. This is but one example of the interrelationship of the many constructive provisions of this bill.

There is very little in our patent system of today that encourages early public disclosure of new technological advances. In fact, there are many provisions of the law that discourage such early disclosure. Whatever public disclosure there is, rests solely under the control of the applicant since his application remains secret until the patent is issued. In addition, granting of the patent to the first to invent rather than to the first to file does not encourage early filing. There is also the fact that the applicant is not encouraged to get his application ready for issuance because his 17-year monopoly does not begin to run until the patent is issued.

I have already discussed two provisions of S. 1042 that are of great importance to having earlier public disclosures of new technological advances. They were:

Publication of each application within 24 months of its earliest effective filing date.

Issuance of a patent to the first applicant to file an application for a particular invention.

In addition, S. 1042 would create an incentive for applicants to push for early patent issuance by providing that the life of the patent monopoly would expire 20 years from the earliest U.S. filing date.

Another problem that faces the businessman today is the matter of the high cost of prosecuting applications and asserting them against infringers. The businessman can be subjected to considerable harassment as an alleged infringer. Even in cases where he feels strongly that the patent would ultimately be held invalid, when he considers the hundreds of thousands of dollars in complex cases that could be involved in defending a suit, he may conclude that the best course of action is to settle for less to get rid of the problem. These nuisance settlements, although distasteful, are often, under the present system, justified on pure economics.

The assertion of a valid patent against those using the invention is an equally costly proposition for the patent owner. This often results in the patentee getting far less than is due him.

In many instances the very survival of the small businessman may be at stake. His cost of fully litigating a claim against him can seriously impair his ability to stay in business.

Frequently, the small businessman, as a patent owner, fails to assert his rights because he knows that he can ill afford to go through with the full course of litigation.

The provisions in S. 1042 that I have already described with respect to improving quality and reducing pendency period should reduce the instances in which the parties must resort to litigation. However, the bill adds other improvements, as follows:

A limited type of cancellation proceeding in the Patent Office after patent issuance.

Provision for in rem invalidity. The costs of defending one suit under an invalid patent would not have to be repeated again and again in suits against others.

Finally, I would like to briefly cover the international aspects of S. 1042. There are great differences today among the patent systems of the various countries. The inventor who desires multinational patent protection for his discovery must file a multitude of applications, each governed by a separate and distinct system of laws, rules, regulations, and procedures. Even after the patent has been obtained, the inventor is confronted with diverse systems of maintaining patent protection.

If change is to be achieved, nations must adopt a single set of long-range goals to guide their intermediate and short-range movements. Any attempt by revolutionary change to scrap present systems in favor of new ones, in the United States or abroad, is neither feasible nor desirable. It is, however, both possible and advantageous to promote and direct interim steps toward the ultimate goal—a universal patent.

The rule followed by the Commission on harmonization was that to the extent that harmonization of U.S. practice with prevailing foreign practice can be attained without injury to the quality of the U.S. Patent System, such harmonization should be introduced as a first step toward the desired goal.

S. 1042 contains a number of provisions which will make our patent system more compatible with foreign systems. If they are adopted, it should facilitate our initial steps toward the goal of international harmonization.

With closer cooperation among the various patent offices of the world, the businessman should be able to attain a reduction in the cost of filing patent applications abroad where he desires multinational patent protection and he should also be able to look forward to the eventual attainment of a universal patent—one which would give the patentee a grant of exclusivity “good against the world.”

One final point, you have heard this before today, but I believe it merits repeating. The provisions for patent reform incorporated in S. 1042, are not intended as isolated or partial answers to disparate faults within the patent system, but are to be viewed as an integrated, coordinated plan for streamlining and improving that system. I believe that these changes are essential for the long-term health and survival of the patent system.

I sincerely hope that those who recommend against the provisions of S. 1042 at these hearings will do so constructively by proposing a better total system—should they have one to offer—rather than by making a piecemeal attack on the reform provisions set forth in this bill.

The applicant desiring to file abroad, therefore, has two choices: He can file his complete application in the United States within 6

months of the preliminary application; then he must wait for 6 months after the complete application is filed and then file abroad, but before the end of a 1-year period. Because of the necessity of translations and revisions to the U.S. application to conform with foreign filing requirements, it would probably be necessary for the applicant to file his U.S. complete application much earlier than 6 months after the preliminary is filed. This, of course, dilutes the value of a preliminary as a mode of operation. In the alternative, the applicant can apply for a license from the Commissioner to file abroad.

The first of these choices imposes a burden on the applicant, since it means that he must file a complete application in the United States shortly after filing his preliminary. The second of these choices could be burdensome on the Patent Office if a lot of applicants applied for licenses. I would propose that section 184 be revised by inserting after the word, "filing," in line 3, the words, "either a preliminary or." With this revision, the applicant can file abroad at any time between 6 months and 1 year from the filing date of the preliminary application.

I also support Dr. Stever's stated position on making the bill contain more fully the Commission's recommendations on the Advisory Council's recommendations to the Secretary of Commerce being made public.

Senator McCLELLAN. I want to ask you this question: Is there anything in the bill now that you feel ought to be deleted? You have suggested a revision here, I believe. Is there anything in a section of the bill or in a provision in it that you think should be deleted, should be stricken from it?

Mr. BIRKENSTOCK. There is not.

Senator McCLELLAN. Thank you very much. We appreciate your statement. It is very good.

(Subsequently a letter from Mr. Birkenstock was received and by order of the chairman it appears as follows:)

INTERNATIONAL BUSINESS MACHINES CORP.,

Armonk, N.Y., July 5, 1967.

Hon. JOHN L. McCLELLAN,

Committee on the Judiciary, Subcommittee on Patents, Trademarks, and Copyrights, U.S. Senate, Washington, D.C.

MY DEAR SENATOR McCLELLAN: In response to your invitation to amplify my May 17, 1967, statement before your Subcommittee on The Patent Reform Act of 1967, S. 1042, the following remarks are submitted for addition to the record.

Since my appearance before your Subcommittee, a proposed Patent Cooperation Treaty has been released by officials of the U.S. Departments of Commerce and State. This treaty would eliminate the multiple filing of patent applications now necessary in order to patent an invention in a number of countries.

In my view, the viability of this treaty is heavily dependent on the effectiveness and reliability with which Patent Offices of the member countries carry out one of the treaty's essential features, namely, the provision of a single worldwide novelty search that would be available to the applicant at an early time in the country where the application is first filed. Unless this search is performed with precision on a comprehensive basis with respect to the world's prior art, the "Certificate of Patentability" issued by the examining country could not realistically be given "full faith and credit" by the other countries in which a corresponding application is filed.

In order to provide the facilities for producing a search that could be relied upon in all countries, there must be developed a worldwide network of information storage and retrieval systems containing all of the significant prior art of the world to be captured through a cooperative effort.

When information is captured in machine readable form, it becomes a data bank from an information processing viewpoint. I visualize this network as

starting with a data bank located in each country. The cooperating countries would be pledged to sharing data capture and exchanging data with each other. This would materially reduce the cost and effort in establishing a complete worldwide system. Modern day techniques of communication and data processing, working in harmony, make it feasible for data to be reproduced, communicated, and exchanged at a fraction of the cost that would be incurred absent multi-national cooperation.

Such a worldwide network could respond to search queries from various locations and perform patent searching on an economic and reliable basis. It would be open to both the public and the patent offices of all cooperating nations.

Today, the patent systems of the world have very little in common in law and procedure, but they do have a common problem—namely, the inaccessibility of the prior art of the world, which I call the patent information gap.

The development of a network of information storage and retrieval systems would be a significant step in closing the world's patent information gap.

The attainment of this goal would substantially enhance the possibility of achieving the desired improvements in quality, backlog reduction, the cost of obtaining patents for all national patent offices and the ultimate universal patent. This will, of course, serve as a stimulus to the expansion of world trade and technology.

It is significant that the technological explosion, which has created many of the problems for our existing patent systems, has produced the tools that should serve well in overcoming such problems. I have reference to communication-oriented, high speed, electronic data processing equipment.

Today we have data processing systems that are fully capable of being applied to the task of patent searching. These systems are characterized by massive bulk data storage capacities, very high data manipulation rates, minimal operator intervention and a broad array of input-output devices that can be associated locally or remotely from the central processor to perform a variety of tasks such as data transmission, visual displays, and making print outs.

With such powerful and sophisticated tools available to him, the user that wishes to perform the function of information storage and retrieval faces two basic problems. He must develop, or have access to, a data bank that contains all of the significant information that the system is to deal with. Also, he must develop the techniques for retrieving from the data bank that information which is pertinent to a given inquiry.

Much is being done today by various groups to utilize the available tools to perform information storage and retrieval. IBM has been working on an experimental project to develop a fully-automated system for classifying and searching abstracts of patents and other technical literature. Significantly, the abstracts to be classified and searched are written in everyday language of the art. In addition, inquiries of the system, which we term "query digests," are simply a brief description of the idea or concept to be searched and are written in everyday language of the art.

Although work is not yet completed on this project, the preliminary system tests have been extremely encouraging and the results to date have demonstrated the probable feasibility of a fully automated patent classification and search system. Not only does the system appear to provide us with a tool for IBM's own internal use in our field of interest, but we believe that the concepts of the system can be equally employed in a comprehensive system for all fields of technology.

Although I believe that the development of a reliable, economic, fully automated information retrieval system to perform patent searching on a comprehensive worldwide basis, is feasible, its development in the foreseeable future is beyond the capabilities of any one company or any one country alone.

The development of the data bank alone is an enormous task. There exist today vast volumes of patents and technical publications. They are scattered throughout the world in various patent offices, public libraries and the libraries of technical societies and companies. Only a relative few of these have abstracts describing the concepts disclosed. Only a small fraction of these abstracts are in machine readable form. Even where they are, there is no standardization of machine readable media or coding of the information in that media.

At present, there is no comprehensive plan for preparing abstracts of the existing prior art of the world and making it available in machine readable form. Al-

though steps are being taken in national patent offices and by a number of individual publishers to provide abstracts of future publications, there is a great need for an overall plan to enlarge this activity and to put these abstracts into a standardized machine readable form.

From the standpoint of information retrieval techniques, there are several approaches used in existing operational systems and many others under development. However, these approaches are directed to the attainment of limited objectives when considered in the light of a total systems approach to a worldwide patent search system.

In the view of these uncoordinated activities, and in order to work toward the establishment, in the foreseeable future, of a viable comprehensive network of information retrieval systems to satisfy patent searching requirements on a worldwide basis, I believe we need two things—an organization and a long-range goal for that organization.

Such an organization, which, for want of a better name, I will refer to as the International Patent Searching Association, would be comprised of all interested parties that could make a contribution to the attainment of the system. This would include patent offices, equipment manufacturers and developers of searching techniques for information retrieval systems, and appropriate technical societies.

Once such an organization was formed, it could then develop a long-range goal, and a plan of action with appropriate benchmarks for achieving that goal.

Such an organization would need the cooperation and financial support of all of us who use the patent system. We, in IBM, would be most happy to provide such cooperation and share financial support. I am sure that there are many others who would also do so, because the inaccessibility of prior art today is a universal problem throughout the world.

IBM would also be pleased to provide the Searching Association with the results of its work in its experimental search project so that they could be combined with the contributions of others to achieve the ultimate goal of the organization. If we set in motion a plan of action now, I predict that a viable, fully mechanized search can be realized by 1970.

By providing the public and the governments of the world with mechanized search facilities, such an organization would promote the progress of science and technology and advance the standard of living everywhere.

I believe it is the key to making the proposed Patent Cooperation Treaty a success.

Sincerely yours,

- J. W. BIRKENSTOCK,
Vice President.

STATEMENT OF HOWARD NASON, PRESIDENT, MONSANTO RESEARCH CORP., ST. LOUIS, MO., MEMBER, PRESIDENT'S COMMISSION ON THE PATENT SYSTEM

Mr. NASON. Mr. Chairman, Senator Burdick, I am very grateful for this opportunity to express my support for the Patent Reform Act, S. 1042. Having been privileged to serve as a member of the President's Commission, I am convinced that the patent system needs modernization and strengthening. I am convinced also that the recommendations of the Commission provide a comprehensive plan to bring about this modernization.

You already have heard a discussion of the key provisions of S. 1042, and how they will contribute to the six major objectives set forth in the introduction of the Commission's report.

I would like not, therefore, to retrace this ground, but instead would prefer to comment on the amendments to the patent reform bill proposed by Senator Long of Missouri—amendments Nos. 182 through 186, introduced on May 3.

AMENDMENT No. 182

Amendment No. 182 to section 105 of S. 1042 would establish what is referred to as a personal grace period. Under this amendment, public disclosures, uses, and sales of the invention prior to the applicant's filing date would not be prior art against the application if (1) these acts occur within 6 months prior to the filing of the complete application, and (2) the publications, uses, or sales were by or derived from the inventor himself.

The President's Commission, as you know, recommended the preliminary application technique to take the place of the 1-year absolute grace period provided for under existing law. The thought was that this preliminary application could be an informal technical disclosure of the invention which would establish a legal filing date. I am still convinced that there is a real need for such an inexpensive way of establishing on record the inventor's rights. On the other hand, I think there is a need to supplement this preliminary application approach with a short personal grace period which would extend only to the inventor or owner of the invention. This would obviate the need for an inventor to file a paper, however easily prepared, in the Patent Office prior to giving a speech or otherwise publicly disclosing or demonstrating the invention.

I believe that the provision would mitigate considerable of the criticism that has been directed against the Commission's recommendation and the proposed legislation because of absolute removal of the grace period, but it would not relieve the necessity for diligence in filing and diligence in prosecuting an application. In my personal view, it supplements the Commission's plan to the benefit of inventors and to those engaged in sponsoring research. I hope that it will be favorably considered by this subcommittee.

AMENDMENT No. 183

Under Senator Long's Amendment No. 183, a new section 263 would be added to S. 1042. This section would implement the President's Commission recommendation No. XXII regarding the rights of a patentee to grant licenses under this patent. This recommendation was not included in S. 1042, perhaps because the Department of Justice participated in the drafting of this legislation.

As stated in the Commission's report, the Commission believed that:

The mere exercise, conveyance or license of (the right to exclude others from making, using and selling the patented invention) . . . should not in itself constitute misuse of a patent. A patent owner should not be denied relief against infringers because he either refused to grant a license or because he has exercised, transferred or licensed any of the conferred patent rights himself. This should not include immunity of even these conferred patent rights from the anti-trust laws when the patent owner becomes involved in a conspiracy to restrain or monopolize commerce, or when the patent is itself used as an instrument for unreasonably restraining trade.

I believe that such a provision is an important part of the Commission's plan and that the provision should be included in any bill which is recommended by the subcommittee.

AMENDMENT No. 184

This amendment is intended to implement fully the Commission's recommendations regarding the importation into this country of a product made abroad by a process patented in the United States. This recommendation is No. XXI in the Commission's report. The purpose is to make it possible for a process patent owner to prevent evasion of his exclusive rights by the practice of his process abroad for profit in this country.

The administration's bill includes a section 271(b) similar to the one proposed in the amendment. However, the administration's section would be effective only if patent protection for the process were not available in the country of origin. The purpose of this limitation is not clear and, in my view, should be deleted. Adoption of amendment No. 184 would have this effect.

I believe that this deletion seriously weakens the provision and, in fact, destroys the protection that the Commission's recommendation would have conferred to the inventor or innovator, usually a small business or an individual of limited means who desires to prosecute his invention in this country and this country alone. Adoption of amendment No. 184 would have this effect and would relieve him from the obligation which he would be subjected to under the present language of the bill of filing in every foreign country where protection could be obtained, which would entail great expense, as we have already heard.

AMENDMENT No. 185

This amendment would add a section 274 to S. 1042 establishing what is sometimes referred to as the "right of prior user." Under this amendment if a person practiced an invention or made a substantial preparation for the practice of the invention prior to the effective filing date of a patent application, a court in its discretion could permit the continued practice of the invention.

The section is patterned after the "intervening rights" section of present section 252 dealing with reissue patents.

The amendment would be effective only after use or practice of the invention was a nonpublic use; that is, public use prior to the effective filing date of an application would bar the granting of the patent altogether.

While the President's Commission considered but did not recommend an "intervening rights provision," in my view it is important to allay some of the views expressed regarding the operation of a first-to-file system of priority. The matter is particularly relevant in respect to chemical and related processing practices.

AMENDMENT No. 186

Amendment No. 186 would liberalize to an extent the continuation practice which would be established under section 120 of the administration's bill. In net effect, this amendment would allow the filing of a continuation application after the filing of an appeal to the Patent Office Board of Appeals in a so-called "parent" case. A parent case is a

previously filed application disclosing the same or substantially the same invention.

Amendment No. 186 would also exclude the parent case from being considered as prior art in the later filed application. This would be true whether or not the later filed case added "new matter" or additional disclosure.

Again, with respect to chemical practice, there has been a suggestion that this liberalization of continuation rules would improve the actual operation of a first-to-file system. If this is so, I endorse the amendment and urge its inclusion in the patent reform bill by the subcommittee.

I have emphasized the amendments to the administration's bill which, in my view, will improve it.

By no means should this be considered an expression of reservations regarding the administration bill. I have seen firsthand how important a role the patent system plays in stimulating research and in encouraging disclosure of the results of this research. The effectiveness of the patent system is diluted, in my view, by the fact that many provisions of the present law are justifiable more in their historical context than in today's fast moving world conditions. The first-to-file provision of the bill, together with the publication of pending patent applications within a fixed period of time, will be of positive benefit in carrying out the fundamental purpose of the patent system: to promote the progress of science and the useful arts.

I, therefore, support enactment of S. 1042, provided it is amended as proposed by Senator Long of Missouri, and support also the views that have been expressed previously here at today's hearing.

Thank you.

Senator McCLELLAN. Do you support it conditionally only? Do you give it your support only if such amendments, as those that you have recommended are adopted?

Mr. NASON. I feel that these amendments are quite necessary, Senator McClellan, to put the bill in the form that the Commission intended, and to implement its objectives, and my support is conditional upon them.

Senator McCLELLAN. Is there disagreement between you and the other members of the Commission with respect to——

Mr. NASON. With respect to the intervening rights section, I expect there is a disagreement between me and the other members of the Commission.

Senator McCLELLAN. But that is the only one so far as you know?

Mr. NASON. So far as I know, that is the principal one.

Senator McCLELLAN. That is a matter we will have to weigh, and I guess we will hear other testimony on it.

Mr. NASON. I believe these fall under the heading of debugging operations that Dr. Stever referred to.

Senator McCLELLAN. All right. Any questions, Senator?

Senator BURDICK. No questions, thank you.

Senator McCLELLAN. Thank you very much, Dr. Nason.

Now, Mr. Neuman, you will not testify today, is that right?

TESTIMONY OF SIDNEY NEUMAN, PATENT ATTORNEY, CHICAGO,
ILL., MEMBER, PRESIDENT'S COMMISSION ON PATENT SYSTEM

Mr. NEUMAN. Mr. Chairman, I have not prepared a statement, and I have not prepared for testimony today. I apologize for that. Neither am I so immodest that I think I can extemporaneously improve upon anything that Judge Rifkind had to say, or upon these other presentations. I would like to request leave either to submit a statement or to come back at some other time.

Senator McCLELLAN. All right, whichever you prefer. You may submit a statement for the record if you care to, or if you would like while we are holding hearings to come back and give your testimony, we shall be very glad to have it, indeed.

But I understand that you generally endorse what Judge Rifkind had to say?

Mr. NEUMAN. Oh, yes, Senator.

Senator McCLELLAN. Very well. You may file a statement or let counsel know and we will arrange for your appearance.

Thank you, gentlemen, very much.

(A letter received from Mr. Charles B. Thornton, a member of the President's Commission on the Patent System, by order of the chairman, appears as follows:)

LITTON INDUSTRIES, INC.,
Beverly Hills, Calif., May 19, 1967.

Re Proposed Patent Reform Act S. 1042.

Hon. JOHN L. McCLELLAN,
Chairman, Committee on the Judiciary,
U.S. Senate, Washington, D.C.

DEAR SENATOR McCLELLAN: I appreciate the invitation of your Committee to personally appear before it and present my comments regarding the pending patent legislation.

I regret that I was unable to appear in person on the proposed date; however, I have prepared a statement setting forth my views on the more important issues presented by the legislation. It will be appreciated if the attached statement could be included in the proceedings of your Committee, as suggested by Mr. Brennan.

Thank you again.

Sincerely,

CHARLES B. THORNTON.

STATEMENT OF CHARLES B. THORNTON, MEMBER, PRESIDENTIAL PATENT
COMMISSION

SUBJECT: PROPOSED PATENT REFORM ACT S. 1042

I appreciate the opportunity of presenting my views on the proposed patent legislation to the Senate Judiciary Committee.

When I think of patents I think of technological change, and of the growth of old and the formation of new industries based on such change. The fast pace of change in America is nowhere more evident than in the marketplace. New products appear daily, and regular improvement in each product area occurs from year to year. This competitive progress is the lifeblood of our dynamic national economy. I believe that a strong patent system, with its reward for investments in research and development has been and will continue to be essential to the flexibility and strength of American industry. Accordingly, I was pleased to be asked to serve on the President's Patent Commission, when it was formed about two years ago. As indicated in the Introduction to the Report of

the President's Commission on the Patent System, the Commission felt strongly that the patent system has served the country well, and that the basics of the United States patent system should not be altered to any great extent. However, we saw areas where improvement is possible and it is on these areas that we focused our attention.

The Presidential Commission Report was published in December of 1966 and the present bill S. 1042 was introduced two or three months later, in February of 1967. It is refreshing to see these bills introduced at an early date, and I would like to state at the outset that I strongly support the goals and objects set forth in the Report of the President's Commission on the Patent System. While I question the form of some of the provisions of the present bill S. 1042, as detailed below, I generally support the bill, and fully support the concept of revising the patent laws to secure the goals and objects enunciated by the Commission.

The balance of my comments will deal with three principal areas relating to the Commission Recommendations and the proposed bill. First, I will briefly note problem areas considered by the Commission, where the solutions recommended by the Commission are incorporated into the bill. Secondly, I will mention a few areas where the bill departs at least in part from the Commission Recommendations. As a third area of interest, I would like to mention a few points raised by critics of the legislation which might usefully be considered by the Committee to determine whether changes in or additions to the legislation are in order.

One of the more significant and important group of recommendations of the President's Commission relates to getting the best references into each case pending before the Patent Office. One of the chief reasons for the high mortality rate of patents in the courts is the fact that the Patent Office often does not get to consider published articles or other matters which would severely limit the scope of a patent, or even prevent it from being granted. The Commission Recommendations, calling for a citation period during the pendency of the patent applications and a cancellation or revocation period of three years after the patents have been granted, have been implemented by Sections 136 and 257 of S. 1042. The public is invited to submit prior references during these periods, and the inventor can restrict his patent to the proper scope if the references show any features of his invention. These sections will if enacted be most useful in preventing the grant of invalid patents, and strengthening the patents which survive the citation and revocation periods.

I also support the principle of eliminating computer programs from the classes of patentable subject matter for the reasons set forth in the Commission Report. Section 106 of S. 1042 implements this Recommendation of the Commission.

Many of the other provisions of the bill implementing the Commission Recommendations should prove most useful, including the provisions relating to the Filing of Patents by the Assignee and Joinder of Inventors, the authorization for Standby Optional Deferred Examination, and placing the "Burden of Persuasion" of patentability on the inventor, for specific examples.

One of the important problems of our patent system faced by the Commission and remedied by the proposed act is that of inventions staying hidden in the Patent Office too long. The patent system does not serve to "promote the progress of the useful arts" when businessmen do not know when a patent application filed many years ago might issue. Moreover, the granting of the patent monopoly many years after an invention is made occasionally permits the inventor to reap beyond the extent to which he has sown. Three factors have tended toward keeping patent applications from public knowledge. These are time-consuming interferences, intentional delay by applicants because the patent term does not start until the date the patent is granted, and the policy of keeping patent applications in secrecy until they are granted.

To overcome this problem, the Commission proposed several steps including granting the patent to the first to file, thus eliminating interferences, and changing the duration of the patent grant from 17 years from the date of the patent grant to 20 years from the filing of an application. These changes will encourage the inventor and his attorney to prosecute the patent application more rapidly, to avoid unnecessary delays, and concomitantly, will eliminate the high cost of interference proceedings.

A third step proposed by the Commission to reduce surprise is the early publication of patent applications. If a patent bill is enacted with publication provisions as set forth in S. 1042, the patent application will normally be

published within two years after filing. Under these early publication provisions, the public will be better apprised of pending patent applications, and the revised system will therefore better "promote the progress of the useful arts".

I was pleased to see that each of these three steps was included in S. 1042 because each of them is important in overcoming several of the principal defects of the patent system. As discussed below, some refinement of one or more of the implementing sections of the legislation may eventually be considered desirable by this Committee. However, it appears clear to me that early publication, a 20 year term from filing, and granting a patent to the first to file, are most desirable provisions which should be included in any patent reform legislation.

An additional advantage of the foregoing changes is the elimination of the patent grant to 20 years from the filing of an application. These changes will advantage to the inventor of limited financial resources, and is therefore in accord with one of the guidelines set out in the introduction of the Commission Report.

Turning now to areas where S. 1042 may depart from or not fully implement the intent of the Commission Recommendations, two areas of the bill involving relationships with foreign countries will be briefly reviewed.

Specifically, concerning Section 271 involving importation, and Sections 111 and 120 relating to preliminary applications, I favor both provisions; however, I believe that minor changes should be considered for inclusion in the importation section to conform more closely to the Commission Recommendations, and in connection with preliminary applications to avoid a procedural problem.

Because of our Nation's overseas commitments, the United States has been suffering from an adverse balance of payments situation for several years. To the extent that our patent laws can help us in our economic position vis a vis foreign countries, I think that we should include suitable provisions in our laws. Two situations which were called to the attention of the Patent Commission were, first the manufacture of drugs in Italy, where no protection is available for pharmaceutical processes, and secondly the situation in Great Britain where the patent laws provide that the importation of unpatented products made by a process which is patented in Great Britain constitute an infringement. The President's Commission, in Recommendation XXI, proposes protecting the owner of a U.S. Patent from importation of products made abroad by processes covered by the U.S. Patent. The bill before us, however, limits protection to the "pharmaceuticals made in Italy" situation, where patent protection is not available in the foreign country. It is believed that the broader concept envisaged by the Commission's report will better serve our national goals. It would also appear desirable to delete the words "for purposes of trade or use in trade or industry", from Section 271(b), and make simple importation constitute an infringement. The broadening of this section to conform more nearly to the Commission's proposal is therefore recommended.

The provisions of S. 1042 relating to Preliminary Applications (Sections 111 and 120) and relating to foreign filing (Section 184), taken together and as written, may well make it difficult to obtain foreign patent protection in certain instances. Section 184 requires a normal delay of six months after filing a complete patent application before foreign filing can be undertaken. When this provision is considered in combination with the International Patent Convention, which requires that foreign cases be filed within a year of the first filing date in the country of origin, the usefulness of Preliminary Applications is greatly reduced. Thus, a complete application will have to be filed within five months of the preliminary application to give the applicant a single month to complete his foreign filing within the "Convention Year". One solution to this problem would be to reduce the waiting period following the filing of complete applications to six weeks or two months where a preliminary application had been filed. In all events, any provisions which make it more difficult to obtain foreign patents, and which could therefore have an adverse effect on the ability of U.S. inventors to gain protection abroad, should be reviewed closely.

It is also noted that Recommendation XXVIII of the President's Commission Report was not included in the bill under consideration. This provision was intended to give the inventor the right to reply to the Patent Office when a new reference is cited against a patent application. To avoid undue curtailment of inventor's rights, it is recommended that a corresponding provision be included in the Patent Reform Act.

As mentioned in my introductory comments, the Commission's Report and the proposed Senate Bill have received some criticism from certain areas. Some of this criticism, which I believe to be constructive and deserving of serious consideration, is discussed below.

Section 148 of S. 1042 relates to appeals from the Patent Office, and establishes a very high and rigid presumption of correctness of the rejections of inventions by the Patent Office. This is in contrast to the present practice of the Court of Customs and Patent Appeals, which is to resolve doubts on the issue of patentability in favor of the applicant. While there is great merit in the elimination of invalid patents, the provision as written will virtually prevent overturning of a Patent Office decision on appeal. In the Patent Office, the Examiner is both the "opposing party" and also sits as "judge". Under such conditions a certain percentage of decisions which are not entirely fair will occur, and it is incumbent upon us to ensure that we do not refuse patents on meritorious inventions by virtue of our efforts to curtail the issuance of invalid patents.

It is therefore suggested that Section 148 be changed to a somewhat less stringent presumption of correctness. It is believed that a more moderate standard for review of appeals from the Patent Office represents a better balance in our efforts to both eliminate invalid patents and to grant strong patents on worthwhile inventions. More specifically, the use of a somewhat less rigorous presumption than that now included in S. 1042 would have the effect of raising the standard of patentability without imposing an unreasonably heavy burden on the inventor in correcting an improper refusal by the Patent Office.

Critics of the bill have noted a problem with regard to the 20 year term for patents dating from filing of the patent application. To be equivalent to the present 17 years from the granting of the patent, three years pendency in the Patent Office is apparently expected. Critics ask the questions, "What happens if the Patent Office gets bogged down and doesn't get the case out for 19 years, as an extreme case? Should the patentee lose most of his term?" It would appear to be desirable to include some provision which would prevent such an undesirable result, perhaps by extending the patent term by time periods when the Patent Office was dilatory, following the initial three years of pendency of the patent application. I favor the proposed 20 year term extending from the filing of the patent application, but believe that safeguards should be provided against undue reduction of the useful term of the patent after it is granted, if the delay is not attributable to the inventor.

Another interesting point which has been raised by some of the critics of the proposed bill is that the proposed bill seemed to adopt certain burdensome aspects of certain foreign patent systems without adopting the correlative features of these foreign systems which make things simpler for the inventor and his attorney. In many foreign patent systems, the lack of a grace period and the First to File concept mean that patent applications must be filed early and fast. Accordingly, the usual foreign case is simple and brief, as compared with the longer, more detailed U.S. applications. In addition, in many foreign countries, claiming it "central" in nature, with the courts expanding or contracting the claims in a flexible manner commensurate with the scope of the invention. This "central" claiming fits the early fast filing requirements of the foreign systems. The present United States Patent Law, with its requirements for completeness and adequacy of disclosure (particularly in chemical cases), means that considerable time is required both for experimental work and thorough patent application preparation. In addition, the relatively rigid U.S. "peripheral" claiming system with its perils of under- or over-claiming is practical only because of the greater time period which our patent system allows.

The body of our United States Patent Law includes judicial doctrines which could be liberalized and expanded to give a measure of relief to the U.S. inventor who may be forced to file his patent application early and fast. These legal mechanisms for expanding or contracting the scope of a patent somewhat where the invention is defined in terms which are too narrow or too broad, might well be considered for incorporation into the proposed statute. In addition to providing a measure of relief for the inventor, the inclusion of such provisions might be another step toward international patent law harmonization.

The inclusion of such provisions could have another useful effect. In England, it is said that few people call prior references to the attention of the Patent Office during the opposition period. Instead they wait until the patent is granted and "cast in concrete". Then when the inventor cannot change the scope of

his patent, they can use the reference to invalidate the patent. The collateral advantage of providing somewhat greater flexibility in the scope of patents after they are granted, is that such a provision would encourage people to use the opposition and cancellation periods for the citation of references not found by the Patent Office and the restriction of patent claims in the manner which the President's Commission had anticipated.

In closing, I wish to again indicate my confidence in the basic principles of the United States patent system, and my further view that Senate Bill S. 1042 represents a sound framework for improving the patent system and overcoming many of its deficiencies. However, because of the importance of a strong and vigorous patent system to our economy, full consideration and evaluation of all constructive proposals relating to S. 1042 would appear to be in order. Further, as noted in the President's Commission Report, the provisions of the bill are inter-related in a complex manner, and changes in one section may affect another phase of the patent law or practice in an unexpected manner. Unquestionably, the bill deserves a complete and thorough hearing, and we would expect that these hearings will result in a Patent Reform Act which will eliminate a number of problems without any weakening of the nation's patent system which has served us so well.

I wish to thank you again for offering me the opportunity to present this statement to the Committee on the Judiciary of the United States Senate.

Senator McCLELLAN. Secretary Hollomon and Commissioner Brenner, come around, please.

STATEMENT OF J. HERBERT HOLLOMON, ACTING UNDER SECRETARY OF COMMERCE, ACCOMPANIED BY GERALD J. MOSSINGHOFF

Mr. HOLLOMON. Mr. Chairman, Senator, I have a prepared statement. I would like to submit it for the record, if I may, and—

Senator McCLELLAN. It may be received and printed in the record. You may highlight it if you would like.

Mr. HOLLOMON. That is what I would like to do, sir.

Senator McCLELLAN. Who else will be testifying?

Mr. HOLLOMON. Commissioner Brenner, who is on my right, will follow my testimony, and with us is Mr. Gerald J. Mossinghoff, a member of the Patent Office staff.

Senator McCLELLAN. You may proceed.

Mr. HOLLOMON. You have heard the Commission members, Mr. Chairman. You have heard also the outline of the general character of the reforms proposed in this bill. I should like to briefly give you the background as to how the Commission came into being, indicate to you what we feel are the important problems facing the patent system, the Patent Office, and then comment on a few of what we believe are the most important and significant provisions of this legislation.

Originally, about 4 years ago, there was a special panel created by the Commerce Technical Advisory Board, which advises the Secretary of Commerce concerning the operation of the Patent Office and the patent system. This Panel recommended, first, a series of administrative changes which could be made within the Office to expedite and to make more sound the issuance of patents. These changes could be all made within the administrative jurisdiction of the Commissioner of Patents.

Secondly, the Panel recommended the setting up of a Commission by the President to examine the legislation to see, based upon the record that your committee has made, investigations which have been

carried out, and the various questionnaires which you sent to industry, as well as all the other information, what recommendations a Commission could make to strengthen and increase the reliability of patents within the U.S. system.

The administrative changes which were recommended by that Panel in the main were undertaken by the Patent Office and by the administration within the Department of Commerce. These administrative changes have resulted in a speedup of the system. In the first year of operation they resulted in an improvement of the efficiency of the Office and handling of patent applications and disclosures of about 20 or 25 percent, and that improvement has been maintained, roughly speaking, for the next following 2 years. We made all the changes in procedure and attitudes which we thought were possible under the present law.

The President then appointed a Commission. The Commission members were not all patent lawyers. There were two members of that Commission who were so, as you know; others were from a variety of backgrounds—academic, industrial, educational. Also, the members were chosen, insofar as possible, from various regions of the country, so that there was no region, no activity—the best we could with a limited number of Commissioners—which was not involved.

The administration's bill came about this way: After the Commission made its recommendations, the President appointed the Secretary of Commerce, the Attorney General, and the Science Adviser to the President as a committee of three to make recommendations to him as to which of these various Commission recommendations should be adopted. This group of three, with appropriate staff, working within the Government, studied the matter and came forward with recommendations to the President which he adopted and sent forward to the Congress.

Some of the features of the legislation are controversial. For instance, the National Inventors Council, a group of people interested in the rights and interests of the inventors, supports the first-to-file provision of the bill, which we believe is essential, under improvements which we suggest. The National Small Business Association supports first to file. The patent bar at the present time—or certain aspects of it, the formal patent bar—opposes many features of the bill.

Parenthetically, one patent attorney recently remarked that he actively supported the Commission's plan in the reform bill, but only to the extent that it did not involve any change from existing law and practices. That is a very difficult position for us. On the other hand, a special committee of the APLA recommended adoption of first to file; and the Toledo Patent Law Association and others support certain key positions.

What I am saying is that there is not a full consensus. There is a difference in point of view, understandably so, and this is a matter which I think the Congress has, in the public interest, to resolve. The patent bar itself is not unanimous by any manner of means. I believe that the position of the bar is changing, has changed over the last several months, as the ramifications and features, advantages and disadvantages in some of these measures have been studied, talked out, listened to. I think these hearings will contribute much to it.

I think the understanding of the bill is much greater than it was a few months ago. I also think that the movement on the international scene, the need for reform internationally, is now beginning to be understood. Commissioner Brenner may say a bit more about that.

Now, the need for reform: The filing for a patent and the disclosure of an invention are interrelated. The limited monopoly which a patent gives to an inventor or assignee is a quid pro quo for the disclosure of technical information. And this is an important element of the patent system, that the inventor agrees to disclose, and if he had a valid intention, he is granted a private monopoly as a quid pro quo. At the present time, the new technology does not get effectively disseminated quickly and on time. Businessmen are unaware of an inventor's rights. We have a backlog of 200,000 cases, even with the administrative reforms that have proved successful. I would say that the quality of the patents which are granted are lower than they ought to be. From 1953 to 1963, of the patents litigated, 57 percent were held invalid.

To look briefly at the situation in 1972, there will be 100,000 cases filed in the United States, 70,000 of which will be of U.S. origin, and 30,000 of which will be of foreign origin. Of the 70,000 U.S. origin, 30,000 will be filed in an average of five foreign countries resulting in 150,000 additional patent applications worldwide. Each of these will be examined separately, at least in those countries that require examination. Of the estimated 650,000 applications filed worldwide, more than 50 percent are and will be duplicates. So, the situation is that many of these cases filed in the United States will also be filed abroad. They will be duplicate-examined. Furthermore, in all of those cases filed in the United States and also filed abroad, the priority date which will be allowed in all the foreign countries except two will be the date of filing in the U.S. Office; that is, a first-to-file system.

There is an international patent crisis. At the present time in the United States, we are lucky enough—even though we do not think the situation is sound—to have a 30-month patent pending situation on the average. But in Japan, it is five and a half years, and in West Germany, it is four and a half years. The situation is such that many of the patent applications which are overloading those systems derive from U.S. inventions. This is true particularly in Japan, where American businessmen go abroad in order to establish a joint venture or to enter the market. The major things that he has to trade on are his patent rights, his know-how, in order to provide an entry into this restricted market.

A businessman must pay somewhere up to—there are various estimates—\$1,000 for each foreign case that he files. If we could reduce this substantially, this would mean a saving for the American businessman variously estimated to be \$75 to \$150 to \$175 million a year. In a typical large corporation, 50 percent of its U.S. cases are filed in an average of five foreign countries.

This, then, is the background of some of the needs. The Commission was appointed, as you know, to appraise these needs and to come up with recommendations. Neither the President nor the administration gave this Commission any instructions, other than that we have a problem, would they act in the public interest and come up with sound recommendations which require action and not just more platitudes. There have been, I think, any number of Commission-type studies of

the patent system since 1836, and no major action has been taken as a result of those studies.

Senator McCLELLAN. It is kind of a challenge to the system, is it not?

Mr. HOLLOMON. I think it is. We hear now positive recommendations of a group of, I think, well-meaning, dedicated, public-spirited citizens to whom the President, the Administration said, "Come forward and give us your help." We did not say what they should do, how they should do it, or precisely what the recommendations should be. The Commission's plan is to increase the quality and reliability of patents, to decrease the time and expense of patenting an invention, including international protection, to hasten the disclosure of new technology—and this, I believe, is mostly in the public interest—and to harmonize United States with foreign systems as far as it is consistent with our objectives.

To demonstrate the Commission's approach, I would like to discuss very briefly the most important and controversial recommendation. The most important is the first to file. The present practice is called first to invent. In reality, the patents are awarded to the person who knows the rules and wins the interference, not necessarily the first to invent. Of the 204,000 cases we now have under present practice, only 2,400 are in interference, approximately 1 percent. In this interference procedure, then, an attempt is made to go back and try to discover by records in adversary proceeding exactly who is the first inventor. And in only 30 percent of those cases is the first person to file an application, first to file, ever overthrown. Thus, it is three-tenths of 1 percent of all cases before the Office in which the first to file does not get the patent.

But the fact of the matter is that anyone in the future during the lifetime of the patent, can challenge this patent with a record kept secret. Even someone who did not move forward toward entering the system and, therefore, divulging the technology, can put a cloud on that patent.

Senator McCLELLAN. Would that three-tenths of 1 percent apply only to those patents that are contested, or does it apply to the total applications?

Mr. HOLLOMON. Three-tenths of 1 percent of the total applications, Senator.

As a consequence of that small percentage, we have this complicated interference procedure in the Office which takes the time and interest of lawyers in the Patent Office and businessmen, and it puts an unnecessary cloud over whether or not a person who is issued a patent, does in fact, have it.

Now, if a patent is filed in the United States and is then filed abroad, the people abroad, all countries but three of all the Paris Convention countries, say that the date of priority must run back to the date of filing and not to the date of original invention. Canada, the Philippines, and the United States are the only countries who operate on a first-to-invent system as we do. Therefore, at the present time, of the first to file, about 99.5 percent of all patents issued in the United States are in fact, on a first-to-file basis. We are only discussing the one-half percent of the cases that go to a first-to-file system.

Then, to look at the advantage, under first-to-file system, the first

inventor who took the active step to come into the Office to protect his patent and exploit it gets the patent if he, in fact, has an invention. This is the same as filing on a deed. It is not the fellow who sits there and conceives that this is his land. It is the fellow who takes the action and gets the necessary protection. The advantages of the first to file are that it encourages an inventor to divulge, to tell, to make public the patent which he is seeking; it removes the prior inventorship defense which beclouds every patent; and it encourages prompt filing of patent applications rather than delaying the system.

Jacob Rabinow, who is one of the U.S. most interesting people and one of its most interesting and prolific inventors—who does not agree with everything in this bill, by the way—says that under the present practice, the law says that inventors have to be diligent; under the first to file, their attorneys will also have to be diligent.

This system of first to file will reduce the special patent record-keeping that has to be maintained in every laboratory in every technical organization in the United States. I was a director of a laboratory with 500 technical people in it, a budget of \$20 million a year, and I can attest to the unnecessary recordkeeping that goes on so as to protect that first conception in some notebook that somebody wrote down, and all through the life of the patent, and the record has to be kept. It is an unnecessary business expense.

The first to file would eliminate costly and time-consuming interferences. It would eliminate defensive patenting. And most importantly, I think, it removes a discrimination against foreigners who cannot prove the acts abroad.

Senator McCLELLAN. Is this requirement that the one first to file will be given the patent, going to cause many people to file too quickly before they have really perfected their invention so as to make it patentable?

Mr. HOLLOMON. Senator, what we require in this legislation of first to file is a preliminary application. He then has a year in which to file the detailed application. The establishment of the preliminary application is to establish a priority date and only for the purposes of establishing a priority date.

Speaker McCLELLAN. He then has a year to perfect his invention, so to speak.

Mr. HOLLOMON. Yes; that is correct. Some detail must be in the preliminary. He can file supplemental applications to perfect it, but then he has a year to make his full application.

Senator McCLELLAN. In other words, he has to say something more than "I have invented a spaceship"?

Mr. HOLLOMON. Yes, sir; that is correct. That is not sufficient.

Now, importantly, this provision would remove the discrimination against foreigners who cannot prove the acts abroad. At the present time, we do not allow the foreigner coming into the Office to go behind his filing date. In other words, he cannot bring notebook information into the present system. It harmonizes with 74 out of the 77 Paris Convention countries.

The present cases, all of them that are filed first in the United States and filed abroad, are on the first-to-file system. And I think that the Commissioner may speak to some of the progress we are making

abroad to develop an international patent system which would allow examination in various countries, and then other countries would accept that examination so that they do not have to go through the same process over again. We are making good and preliminary progress in negotiation, in discussions with various countries abroad in the international forum.

One of the requirements of that international system would be that we accept the first-to-file principle, as do all the other countries. And we see no way to negotiate our way out of it, with 74 against three.

Other provisions of the bill, as I have mentioned, would permit an informal preliminary application to secure an early filing date. Another would require a 20-year patent term from filing rather than the now 17 from date of grant. The 20-year term would encourage people to get the work done in the Office promptly, because the delay in the Office then does not give you an advantage over the lifetime of the patent.

The bill provides for a citation period after the patent is preliminarily granted—not an opposition period but a citation period. What happens now is that the examiner cannot possibly examine all the art, all the things in the world—records, and papers published, and so on. He cannot do it. We believe the citation period during which somebody can come in and say, I read something that you apparently did not read is important. This person cannot contest the patent: he can just bring in other art. That means the whole world can sort of participate in this patent search. We think that will make for a sounder patent when it is issued.

Automatic publication after 24 months means that we would publish the technology when it is fresh, and the businessman will know something of his and his competitor's rights.

The bill would put another court over the CCPA, a general court, so that the rulings of the Court of Customs and Patent Appeals and the District Court of Washington would both go to a single appeal point with the result that we could have some rationality between the decisions of the two courts which review Patent Office decisions.

The bill would allow assignee filing and liberalize the naming of inventors.

These are some of the provisions of the act. I think that the important thing—the thing that I believe in—is that it is not just the patent attorneys or the inventors or the businessmen who have to be taken into account. It is all of them. And more particularly, I think we have to take into account the fact that this private monopoly is granted if there is full disclosure and availability of information to the public. We think that this system which is being proposed will strengthen the patent system of the United States, will make patents stronger, more valuable, and more than anything else, will lead to an international system which would substantially reduce the cost to U.S. business firms. But I think even more than that, the patent system, like the system of law and of private property, sort of rides under the whole economic system that we believe in. If we can strengthen it throughout the world, I think that it strengthens our whole system of government and our whole system of enterprise.

Thank you very much, Senator.

(The complete statement of Mr. Hollomon follows:)

STATEMENT OF J. HERBERT HOLLOMON, ACTING UNDER SECRETARY OF COMMERCE

Mr. Chairman and Members of the Subcommittee, I appreciate very much the opportunity to be here today in support of "The Patent Reform Act of 1967," S. 1042, introduced by Senator McClellan. Accompanying me is the Honorable Edward J. Brenner, Commissioner of Patents, who will discuss in some detail the key provisions of S. 1042 and other legislation now pending before this Subcommittee.

The Patent Reform bill, transmitted by the President to the President of the Senate on February 21, 1967, is designed to aid this Country's economic growth by strengthening and modernizing the U.S. patent system to cope with today's problems and tomorrow's challenges. It is designed to strengthen the U.S. patent system so that it may better serve its constitutional purpose: "to promote the progress of science and the useful arts."

The patent system has played an indispensable role in the scientific achievements and economic growth of this Nation. In a literal sense, the history of this Nation's economic and social progress is recorded in the more than 3,000,000 U.S. patents issued by the Patent Office.

From the patenting of the cotton gin by Eli Whitney in 1794 to the development and perfection of Xerography by Chester F. Carlson in modern times, the patent system has spurred the creative and ingenious work of inventors and scientists; and it has stimulated American business to translate this work into products and processes that have enriched our national life. It has helped to create whole new industries, and to increase innovation and competition in existing industries. It has fostered the most revolutionary scientific and technological advances in the history of civilization, and it has thereby contributed to the social and economic gains not only of the United States but of the world at large.

But if the patent system is to continue to serve as an effective instrument of progress it must be strengthened to cope with the challenges foreseeable in the decades ahead. It must keep pace with the technological advances it has served to foster.

An there is serious concern that the patent system has not kept pace with these advances.

The criteria and procedures for examining and issuing patents were established in 1836 and have remained fundamentally unchanged in the intervening years. Meanwhile, the United States has undergone a dramatic transformation, creating and utilizing an enormously complex technology, to emerge as the world's most productive industrial community.

We have progressed from a basically agrarian economy, through the industrial revolution, into the maturing years of the space age. Men have the tools today to do in moments what previously was impossible or took years to accomplish. Giant rockets free man for the first time from the confines of the earth, while miniaturization makes possible electronic prosthetic implants to save lives here on earth. Pharmaceutical advances have dramatically increased the span of man's life, while microbiological studies explore into the very nature of life itself. Never before has man been able to unlock so many secrets of nature and to apply the knowledge acquired with such meaningful results.

All of this intensifies the need for an effective and up-to-date patent system, while at the same time increasing the difficulties which must be overcome.

The world's scientific and technical information, which must be reviewed by the Patent Office prior to the grant of a patent, is being generated in such quantity that it is becoming unmanageable by conventional storage and retrieval methods. And as technology becomes more sophisticated, disclosures become increasingly complex. All of this makes more difficult the task of the Patent Office in determining which inventions are really new and which are obvious modifications of existing technology.

What has been called the "technology explosion" is reflected in the number and complexity of patent applications. Despite the streamlining of methods and procedures in the Patent Office, and despite the cooperation of the patent bar in expediting the examination of patent applications, the Patent Office still has a backlog of approximately 200,000 pending applications. The average period of pendency of a patent application from its filing until its final disposition is now two and one-half years, with a substantial number of applications pending three or more years. And under present law, once an inventor satisfies the legal

requirements for a so-called "reduction to practice" of the invention, he has in effect an indefinite period of time in which to file a patent application and claim, against competing applicants, that he is the first inventor.

These delays in the Patent Office and in filing patent applications cause uncertainties for businessmen who must rely on patents. More seriously, in my view, they retard the public disclosure of technological advances, a major constitutional objective of the patent system.

The sharp increase in patent applications filed in this country and world-wide in the last decade is due not only to the accelerated pace of scientific and technological progress; it reflects also the unprecedented expansion of international trade and the requirement of companies to obtain patent protection coextensive with their international markets. This has resulted in multiple filings of patent applications on the same invention in more than one country.

Roughly half of the estimated 650,000 patent applications filed world-wide each year are duplicates or substantial duplicates of other applications filed elsewhere. It is estimated that in 1972, of the 100,000 patent applications which will be filed in this country, 30,000 will originate abroad and be duplicates of foreign-filed cases. And, in turn, 30,000 of the 70,000 applications originating in this country will be filed in an average of five foreign countries, giving rise to an additional 150,000 applications world wide. Not only is there unnecessary duplication of effort in prosecuting and examining applications for the same invention in more than one country, companies and individuals seeking protection for their inventions must make their way through a complex maze of divergent patent laws and procedures.

These factors increase the cost of securing multinational patent protection and thus serve as an artificial barrier to international trade.

Concern that the patent system is inadequately equipped to deal either with the ever-accelerating pace of technological development or with the expansion of world trade has led some commentators to question the very need for a patent system in today's context.

Adopting a far more realistic approach, the President, in 1965, established a Commission of leading citizens to analyze the contemporary needs of the patent system and to suggest any necessary modifications and improvements.

Prior to the establishment of the President's Commission on the Patent System, the Commissioner of Patents with the approval of the Secretary of Commerce had instituted a series of administrative reforms—referred to as "streamlined examination" to simplify Office procedures and reduce unnecessary delays in obtaining a patent. These reforms have increased by more than 25 percent the disposal of patent applications and reduced by an average of six months the time required to process patent applications. But these administrative reforms do not represent a long-range solution to the problem. It was clear when the Commission was established, and it is clear today, that more must be done—that basic revisions of the system are essential for it to serve effectively to stimulate the development and public disclosure of new technology and to provide incentives, rather than barriers, to international trade.

THE PRESIDENT'S COMMISSION ON THE PATENT SYSTEM

By Executive Order No. 11215 issued April 8, 1965 (Appendix A), which established the Commission, the President charged this Commission with a duty—

(1) to ascertain "the degree to which our patent system currently serves our national needs and international goals"; and

(2) to recommend to the President "steps to ensure that the patent system will be more effective in serving the public interest in view of the complex and rapidly changing technology of our time."

Ten of this Nation's leading citizens representing the business, scientific and academic communities and the bar served on the Commission together with representatives of the Secretary of Commerce, the Secretary of Defense, the Administrator of the Small Business Administration, and the Director of the National Science Foundation. The Secretary of State and the President's Science Advisor, as observers, were also represented on the Commission.

Dr. Harry Huntt Ransom, Chancellor of the University of Texas, and Simon H. Rifkind, a retired Federal Judge and noted trial attorney, served as co-chairmen of the Commission. The other public members of the Commission included:

Dr. John Bardeen, Inventor and Scientist, University of Illinois, Nobel Laureate for his work in developing the transistor;

James Birkenstock, Vice President for Commercial Development, IBM Corporation;

Howard Nason, President, Monsanto Research Corporation;

Sidney Neuman, patent attorney, Pendleton, Neuman, Seibold and Williams;

Bernard Oliver, Vice President, Research and Development, Hewlett-Packard Corporation;

Dr. Horton Guyford Stever, President, Carnegie Institute of Technology;

Charles B. Thorton, Chairman of the Board, Litton Industries.

The Commission invited comments on the patent system from bar and patent law associations, business and trade associations, universities, scientific and engineering societies, and the public at large. I understand that the views and comments on the patent system which you had solicited from our Nation's leading corporations, inventors, economists and the patent bar, Mr. Chairman, were made available to the Commission and were quite helpful in their work. The Commission also had available to it the hundreds of published articles and studies on invention, innovation and the patent system, including a large number of Governmental and Congressional reports and hearings, many resulting from the work of this Subcommittee.

A special committee of the American Patent Law Association, established to study the U.S. patent system, submitted a comprehensive report to the Commission containing a number of recommendations which were considered and some ultimately adopted by the Commission. A similar special committee of the American Bar Association Patent Section, as well as many local patent law associations, supplied much useful information to the Commission and its staff.

All of the comments received were carefully considered by the Commission both in making its choice of areas to be studied and in later deliberations in these areas.

After more than a year of intensive study, the Commission submitted its report to the President. This report has been reprinted in Senate Document No. 5.

The members of the Commission were unanimous in their conclusions that "a patent system today is capable of continuing to provide an incentive to research, development, and innovation" and that there is "no practical substitute for the unique service it renders."

After identifying broad areas where improvement was necessary, the Commission formulated an integrated plan of thirty-five recommendations, most of which are closely interrelated, to bring about what it decided was a long-overdue modernization of the patent system.

In releasing the report of the Commission last December, the President referred it to the Department of Commerce, the Department of Justice and to his Science Advisor to consider it carefully and to develop legislative proposals to carry out its objectives. The Patent Reform Act of 1967 is the result of this intensive review, and incorporates most of the Commission's recommendations.

THE PATENT REFORM ACT OF 1967

A sectional analysis of how S. 1042 would change present law was forwarded by the President with the bill. This analysis appears in House Document No. 59. Commissioner Brenner will discuss in some detail the major provisions of the bill, how these provisions will be implemented, and how they will contribute to the objectives of the Commission's report and of the bill.

Broadly stated, the purpose of the bill is to improve and modernize the U.S. patent system so that it may better serve its constitutional purpose.

More specifically, the purposes of the bill are—

- (1) to raise the quality and reliability of U.S. patents;
 - (2) to reduce the time and expense of obtaining and protecting a patent;
 - (3) to speed the public disclosure of scientific and technological advances;
- and
- (4) to bring the U.S. patent system more closely into harmony with those of other nations, *whenever consistent with the objectives of the U.S. patent system, as an indispensable step toward closer international cooperation in the protection of intellectual property.*

Each of the recommendations of the Commission adopted in the bill contributes to one or more of these objectives; and a number of the provisions of S. 1042 contribute directly to achieving all of these goals. Let me illustrate this point in the context of what is perhaps the most significant and far-reaching of the

Commission's recommendations: that the United States adopt a "first-to-file" system of priority.

Under present law, patents are theoretically issued to the first person to "complete" an invention, in the legal sense of the term, and in cases where there are competing claims to an invention, the issue of who invented first is resolved in what is called an "interference procedure."

The issue turns substantively on an interplay of a number of technical legal criteria involving "conception" of the invention, "actual reduction to practice" and "constructive reduction to practice" of the invention, "diligence" of the parties, and "abandonment, suppression or concealment" of the invention by the parties. The parties to an interference attempt to prove their case through oral testimony and whatever supporting documents and physical exhibits may be available. The procedural complexities and the strict requirements of proof imposed reflect a legitimate concern that where dates are not officially recorded, there may be a tendency for a self-serving interpretation of past events by the parties to an interference.

Interference proceedings can be, and typically are, long and drawn out. In one celebrated case, the interference proceeding consumed over twenty of the twenty-three years an application was pending in the Patent Office. While this, of course, was unusual, a study of 647 interference proceedings indicated an average delay of 534 days.

More serious than the delays in the Patent Office, however, is the fact that under the present system, an inventor who has "completed" an invention may have no sense or urgency in filing a patent application. Instead, he may delay filing an application until someone else either publishes the invention or in good faith obtains a patent on the invention. The "first" inventor then has a one-year period in which to file an application claiming that he—and not the one who took active steps to make the invention available to the public—is the "first" inventor and therefore entitled to the patent. And under present law, he may succeed in his claim.

Under the patent system there is, in effect, an exchange between the inventor and society. In return for disclosure to the public, the state will grant a legal monopoly when a person has made an invention. This monopoly is granted—and quite properly and beneficially in my view—withstanding the aversion to monopolies which characterizes our free enterprise system. Based upon this concept of the patent system, however, it is an anomaly for the state to give a monopoly to anyone but the inventor who first took steps under the patent system to make the invention available to the public.

All of these factors led the President's Commission to conclude that where there are competing claims to the same invention it would be far more equitable—and certainly more in keeping with the disclosure promoting concept underlying the patent system—to award the limited monopoly which a patent confers to the inventor "who first appreciated the worth of the invention and promptly acted to make the invention available to the public." Since the first step in making the invention available to the public under the patent system is the filing of a patent application, the Commission recommended, and S. 1042 would establish, a system which gives a patent to the first to file.

To provide inventors with a reasonable period of time in which to develop and test their inventions, inventors would be permitted to file an informal technical disclosure of an invention with a nominal fee, for example \$10, to establish an early legal filing date. As will be explained by Commissioner Brenner, this "preliminary application" could then be perfected within one year by the filing of a formally prepared patent application which would date back to the date of the "preliminary application."

The first-to-file system proposed would increase the quality and reliability of U.S. patents and thereby contribute to the first of the objectives of the bill. It would accomplish this, first, by removing the uncertainties which necessarily arise when events and dates prior to filing an application are proved by oral testimony or affidavits, and secondly, by removing the defense of "prior inventorship" which can now be urged by someone who took no active steps to make his invention available to the public. Of course, as an overriding consideration, the person who is awarded a patent must be a true inventor or originator and not a copier of an invention.

As a practical matter, only a small percentage of applications actually become involved in interferences—currently approximately 2,400 of the 204,000 applica-

tions pending in the Office, or less than two percent, are in interference proceedings—but the fact that we now operate on a “first to invent” basis casts a cloud of invalidity over every patent issued, since an infringer may always contend that he or someone else was the first inventor. This reduces the worth of a patent to businessmen who should be able to place reliance on it being sustained in court.

The first-to-file system complemented by the preliminary application approach, will also achieve the second of the bill’s objectives by reducing the time and expense of obtaining and protecting a patent. In addition to eliminating the burdensome interference practice, such a system will obviate the necessity for the elaborate record keeping now employed by knowledgeable or sophisticated companies either to support their own patents or to use as a defense against the patents of their competitors. A corollary of this is that the proposed system will remove the presently existing bias against individuals and small companies who are unfamiliar with the “ground rules” as to which records will be effective in proving prior inventorship and which will not meet the required procedural standards.

The preliminary application technique, of course, will be of obvious advantage to small businesses and individual inventors who may wish to establish an early filing date, but who are not ready to pay the substantial fees for the preparation and filing of a formal patent application.

The recommended system of priority, coupled with the publication of patent applications within twenty-four months after filing—Commissioner Brenner will discuss this latter point in more detail—will achieve the third of the bill’s purposes by accelerating the public disclosure of scientific and technological advances. As I noted earlier, under the present law there is no requirement that an inventor promptly file a patent application on a “completed” invention so long as he has not actually “abandoned, suppressed, or concealed it.” Moreover, patent applications are now maintained in secrecy by the Patent Office until a patent is issued, and this can, and frequently does, occur many years after the filing of an application. In the more leisurely days of yesterday, these delays may not have been critical; in today’s fast moving scientific world they are intolerable.

Those who have expressed opposition to the Commission’s recommendations base their opposition in part on the premise that the patent system was intended under the Constitution to secure an inventor’s natural or moral rights to his invention. Those who take this position either overlook or ignore the fact that the Supreme Court has emphasized that the Constitution makes no provision for the moral or inherent rights of the inventor. In tracing the history of the U.S. patent system, Mr. Justice Clark, speaking for a unanimous Supreme Court in *Graham v. John Deere Corp.*, 383 U.S. 1 (1966), was clear and precise in the conclusion that “the patent monopoly was not designed to secure the inventor his natural right in his discoveries. Rather, it was a reward, an inducement, to bring forth new knowledge.” The patent system was indeed intended to serve the interests of scientists and inventors; but overriding this, the system was intended to serve the interests of the public.

The proposed revisions of the patent law—and especially those provisions which I have mentioned—will by design necessitate prompt filing of patent applications by inventors and their attorneys, and it will require publication of these applications by the Patent Office within twenty-four months. By so doing, it will better serve an overriding constitutional objective of the patent system.

This brings me to the final objective of S. 1042, and that is to bring U.S. patent laws and practice more closely into harmony with those of other nations as an indispensable step toward closer international cooperation in protecting intellectual property.

Before discussing this objective, I would like to emphasize that each of the major provisions of S. 1042 is intended to improve the U.S. patent system and would be actively supported if this were the only country in the world. They take on an added dimension, however, in the context of international patent practice.

As I mentioned earlier, 60,000 of the estimated 100,000 applications which will be filed in the U.S. in 1972 will have one or more duplicate applications filed in other countries. Under current international practice, each of these applications will be searched and examined in each country which requires a search or examination, individually, as if no search or examination were be-

ing performed in other countries on the same invention. This multiple filing and examination has clogged the dockets of the patent offices of the world; it causes wholly unnecessary expense for inventors and businessmen engaged in international trade; and it has created what has been referred to as the "international patent crisis."

There is an International Convention for the Protection of Industrial Property, referred to as the Paris Union, which affords to citizens of the member countries the right to file patent applications in the other countries, and to be treated the same as nationals. It also affords citizens of member countries the right to rely for priority purposes, under certain circumstances, upon the date of the first filing in any member country. The United States, along with seventy-six other countries, is an adherent to the Paris Union.

In contrast to the international protection afforded in the copyright area under the Universal Copyright Convention, the Paris Union does not provide for the international recognition of patents issued by member countries; nor does it provide for a single filing, search and examination of applications filed internationally.

Active steps are now being taken by the Secretariat of the Paris Union, with the active support and cooperation of the United States and the other leading industrialized countries, to explore ways of improving international cooperation.

A long-range goal of this country and other nations of the world is an international patent system which would reduce unnecessary duplication in filing and examining patent applications. The objective is to provide incentives on an international scale for creativity and innovation which are essential for the economic development of all people. The first-to-file and other provisions of S. 1042 take on added significance in the context both of our immediate plans for international cooperation and this long-range goal.

Of the seventy-seven member countries to the Paris Union, only three, the United States, Canada and the Philippines, base priority on a "first-to-invent" basis. And a Royal Commission in Canada, empaneled to study their patent system, strongly urged in 1960 that Canada amend its laws to award priority on a first-to-file basis. With respect to one of the fundamental premises of patent protection, therefore, the U.S. is not in step with the rest of the world. This, perhaps now and surely in the future, would be a major obstacle to full participation by the U.S. in any really meaningful multinational patent system.

I have emphasized, perhaps labored, the first-to-file provision of the bill. I have done this, first because this provision is one which contributes materially to all four of the objectives of the bill, and secondly, because it affords an insight into the approach of the Commission: it demonstrates clearly the public policy factors considered by the Commission in shaping this and the other equally significant recommendations.

As noted by the President in his letter of transmittal, S. 1042 contains a series of far-reaching and fundamental proposals which will, in the President's words, "serve the interest of all Americans, as the Constitution mandates, by promoting the progress of science and the useful arts in the decades ahead." We, therefore, strongly urge enactment of this important legislation.

We welcome this opportunity to express our views on the Patent Reform Bill, and we would be pleased to provide any additional assistance or advice desired by the Committee in its study on this matter.

[From the Federal Register, Apr. 10, 1965]

PRESIDENTIAL DOCUMENTS

Title 3—The President

EXECUTIVE ORDER 11215

Establishing the President's Commission on the Patent System

Whereas the patent system established under the Constitution of the United States has contributed materially to the development of this country by furthering increased productivity, economic growth, and an enhanced standard of living and has strengthened the competitiveness of our products in world markets; and

Whereas we have experienced vast technological advances, particularly in recent decades, and industrial development continues to depend increasingly upon scientific and inventive endeavors; and

Whereas other industrial nations may be expected to exert vigorous efforts to obtain the greatest economic and social benefit from inventive activity; and

Whereas we and other nations are concerned with improving systems for the protection of industrial property to promote the beneficial exchange of products and services across national boundaries; and

Whereas the extensive international economic interests of the United States require that this Government take a leading role in international cooperation for the protection of industrial property; and

Whereas the patent system of the United States has developed a continuing backlog of patent applications and the cost of processing such applications increases constantly; and

Whereas the general character of our patent system has undergone no substantial change since 1836; and

Whereas it is now necessary to evaluate our patent system and to identify possible improvements in it:

Now, therefore, by virtue of the authority vested in me as President of the United States, it is ordered as follows:

SECTION 1. *Commission established.* (a) There is hereby established the President's Commission on the Patent System, hereinafter referred to as the Commission. The President shall designate the Chairman of the Commission from its members.

(b) The Commission shall be composed of the Secretary of Commerce, the Secretary of Defense, the Administrator of the Small Business Administration, and the Director of the National Science Foundation, or their respective designees, and not to exceed ten other members appointed by the President from the public at large.

(c) The Secretary of State and the Director of the Office of Science and Technology, or their designees, may sit with the Commission as observers.

SEC. 2. *Functions of the Commission.* The Commission shall recommend to the President steps to ensure that the patent system will be more effective in serving the public interest in view of the complex and rapidly changing technology of our time. Specifically, it shall direct its efforts toward (1) ascertaining the degree to which our patent system currently serves our national needs and international goals, (2) identifying any aspects of the system which may need change, (3) devising possible improvements in the system, and (4) recommending any legislation deemed essential to strengthen the United States patent system. In carrying out its evaluation, and in achieving these objectives, the Commission shall make an independent study of the existing patent system of the United States including its relationship to international and foreign patent systems, inventive activity and the administration of the system.

SEC. 3. *Administrative arrangement.* (a) Each member of the Commission who does not concurrently hold other compensated office or employment under the United States shall receive such compensation as shall be fixed in accordance with the standards and procedures of the Classification Act of 1949, as amended, or such other laws or procedures as may be applicable, and may also receive travel expenses and per diem in lieu of subsistence as authorized by law (5 U.S.C. 73b-2) for persons in the Government service employed intermittently.

(b) The Department of Commerce is hereby designated as the agency which principally shall provide the Commission with necessary administrative facilities and services, including such advice as may be necessary to aid the Commission in the performance of its functions hereunder.

(c) Each Federal department or agency the head of which is referred to in Section 1(b) of this order shall, as may be necessary, furnish assistance to the Commission to accomplish the purposes of this order, in accordance with the provisions of Section 214 of the Act of May 3, 1945 (59 Stat. 134; 31 U.S.C. 691). Such assistance may include the detailing of employees to the Commission, one of whom may serve as its Executive Secretary, to perform such functions consistent with the purposes of this order as the Commission may assign to them.

(d) Each Federal department or agency shall, consonant with law and within the limits of available funds, cooperate with the Commission in carrying out

its functions under this order. Such cooperation shall include, as may be appropriate, (1) furnishing relevant available information, (2) preparing reports or studies pursuant to requests by the Chairman, and (3) advising the Commission on its work pursuant to requests by the Chairman.

(c) The Commission shall have access to the records of the Patent Office and to other records of the Department of Commerce relating to patents, insofar as is not inconsistent with law.

SEC. 4. *Reports; termination of Commission.* (a) The Commission shall transmit to the President a preliminary report within one year after the date of this order and such interim reports as it shall deem appropriate. It shall submit its final report and recommendations to the President not later than 18 months after the date of this order.

(b) The Commission shall terminate not later than thirty days after date of transmittal of its final report to the President.

SEC. 5. *Revocation.* Executive Order No. 8977 of December 12, 1941, entitled "Establishing the National Patent Planning Commission," is hereby revoked.

LYNDON B. JOHNSON.

THE WHITE HOUSE, April 8, 1965.

Senator McCLELLAN. Thank you very much, Mr. Secretary.

Any questions, Senator?

Senator BURDICK. No questions. I just want to thank the Secretary for his contribution.

Senator McCLELLAN. I am becoming more interested in this as you folks testify.

Mr. Commissioner, you tell us why, now.

Mr. HOLLOMON. May I be excused, Senator?

Senator McCLELLAN. Yes.

STATEMENT OF EDWARD J. BRENNER, COMMISSIONER OF PATENTS, ACCOMPANIED BY GERALD J. MOSSINGHOFF

Mr. BRENNER. Thank you very much, Mr. Chairman. I appreciate very much the opportunity to be here to present certain information regarding S. 1042. I have a prepared statement, but I would propose inserting this in the record, if that is agreeable with you, and then commenting on three major points that relate to the administration bill.

Senator McCLELLAN. Very well. It may be inserted.

Mr. BRENNER. The first point I would like to cover is the relationship between some of our activities at the present time in the U.S. Patent Office and some of our plans for the future as they relate to the total picture, and particularly to several of the provisions of S. 1042.

First of all, we are doing all we can within the present law and within our appropriations to improve the quality of the patents we grant and, secondly, reduce the period of pendency of patent applications. We have been able to reduce this time from about 3.5 years down to about 2.5 years, and we hope within the next several years to be able to reduce this down to about 18 months.

Specifically, our major programs involve our streamlined examination program which Dr. Hollomon just referred to, which has increased our productivity. Secondly, we have plans to strengthen our staffing, which include our requests now pending before Congress to add 150 examiners, plus the necessary supporting nonprofessional people; and, secondly, our career development program in which we

are trying to provide better training in local universities in the field of law and the fields of science and technology, as well as to make it more possible for our examiners to visit industry in order to see at firsthand the technology as it develops.

Third, we have plans and programs to modernize and mechanize our operations, which include the plans to try to get all of our operations together in a new building, to move into the field of microfilm to solve some of our space problems; and to intensify our efforts on mechanized search in order to eliminate a part of the workload on our examiners; namely, in the field of search.

Finally, we have recently initiated a quality audit program in which now, I think, we have a tool to analyze our quality and to help us improve our operations.

All of these features of our programs have been strongly endorsed by the recommendations of the Presidential Commission report.

Now, with regard to how these relate to S. 1042, I would like to call your attention to three of the provisions in S. 1042. First, section 41 provides that the Commissioner of Patents would be authorized to establish Patent Office fees within broad guidelines established by Congress, and the Patent Reform Act specifically provides that these fees should be set to recover in the range of 65 to 75 percent of our costs. The reason that this range was selected is that during the recent hearings on Patent Office fees, which resulted in the new Patent Fee Act, it seemed to be the consensus that recovery in the range of two-thirds to three-quarters of our costs was appropriate.

So, as to our needs for the future, with regard to manpower, to modernization and mechanization, we feel it would be appropriate to maintain our recovery at an appropriate range as established by Congress and under any guidelines that Congress would feel to be desirable.

Senator McCLELLAN. That is 65 or 75 percent; does that mean the total cost of operating?

Mr. BRENNER. Yes, Mr. Chairman. This would be 65 to 75 percent of the annual Patent Office appropriation.

Secondly, I would like to refer to section 123 of the act, which provides that pending applications would be published within 18 to 24 months after their earliest effective filing date. Now, there has been some concern expressed with regard to this provision that an applicant might not obtain an examination by the examiner before it became time to publish the application. Now, in accordance with our present plans, we hope and expect to be sufficiently current that it would be possible to provide a complete examination of the application by one of our examiners before the question of mandatory publication arose, so that the applicant then would be able to abandon his case in secrecy, if he wished, without publication.

On the other hand, if the case were allowed—that is, we considered it patentable—it would be published as an allowed application, open to citation of prior art by the public.

Third, if the applicant decided to appeal the case, the application in that case would be published in order to make available the technology and let the public know what sort of patent coverage is shaping up from the Patent Office.

As I look at this provision, then, in effect, it would become primarily a guarantee for the future that the patent system would operate with prompt disclosure, and it would not slip back into the long delays that have been characteristic of the past situation.

Fourth, I would like to refer to sections 191——

Senator BURDICK. Excuse me. Just for my information, at what point does publication occur now?

Mr. BRENNER. At the present time, publication only occurs upon the grant or issuance of a patent. As I said before, the average time now is $2\frac{1}{2}$ years. That is 30 months. Of course, this is an average, and a substantial number of applications run much longer than that.

Senator McCLELLAN. Commissioner Brenner. That was a call for a vote in the Senate Chamber. We will have to hurry over there. I wonder if you could come back a few minutes in the morning and finish up?

Mr. BRENNER. I would be very pleased to do that.

Senator McCLELLAN. We will recess, then, until 10 o'clock in the morning, and Commissioner Brenner, you can come back and finish up.

(Whereupon, at 3:40 p.m. the hearing recessed until the following day, May 18, 1967, at 10 a.m.)

PATENT LAWS REVISION

THURSDAY, MAY 18, 1967

U.S. SENATE,
SUBCOMMITTEE ON PATENTS, TRADEMARKS, AND COPYRIGHTS
OF THE COMMITTEE ON THE JUDICIARY,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:10 a.m. in room 3302, New Senate Office Building, Senator John L. McClellan (chairman) presiding.

Present: Senators McClellan and Burdick.

Also present: Thomas C. Brennan, chief counsel; Edd N. Williams, Jr., assistant counsel; Stephen G. Haaser, chief clerk, Subcommittee on Patents, Trademarks, and Copyrights; Clyde DuPont, representing Senator Fong.

Senator McCLELLAN. The committee will come to order.

Mr. Commissioner, we regret we had to interrupt your testimony yesterday and recess over until today to give you an opportunity to conclude. You may resume where you left off yesterday.

STATEMENT OF EDWARD J. BRENNER, COMMISSIONER OF PATENTS—Resumed

Mr. BRENNER. Thank you, Mr. Chairman.

As the session closed yesterday, I had just started to refer to sections 191 to 194 of the Patent Reform Act, which relate to a system of deferred examination. These sections would provide standby authorization to institute such a system if, in the future, it appeared to be in the public interest. This would provide for either initiation of deferred examination on a regular basis or on a pilot basis. However, based on present Patent Office plans and programs, as I outlined yesterday, as well as good prospects for international patent cooperation, we have no plans at the present time to institute a system of deferred examination, either on a regular basis or on a pilot basis. However, we feel the provision for such a system on a standby basis is a good idea in view of the fact that we cannot predict with accuracy the future; namely, the budget situation in the office, our ability to recruit the people we need, the likelihood that international patent cooperation will come to pass in the future. So as we see it, this would be a means by which the system could react if all our other plans should fail and it should become necessary to utilize the advantages of a deferred system in relieving the workload on the Patent Office.

Secondly, I would like to make this morning a few brief comments on the matter of international patent cooperation. Yesterday, Dr.

Hollomon indicated that the United States expected in 1972 to receive about 100,000 patent applications a year and that our patent applicants would file about 150,000 patent applications in foreign countries. So the United States would be involved in a total of 250,000 patent applications worldwide out of a total amounting to about 750,000 estimated for the world at that particular time. This all means to every one involved in the patent situation a considerable amount of duplication and multiplication of effort which creates problems in patent offices and creates considerable problems for patent applicants.

Now, we have been active in trying to develop international patent cooperation along two general lines. First of all, bilateral efforts in which we have conducted studies with individual foreign patent offices and secondly, a multilateral effort in working through the international bureau in Geneva with other patent offices of the world.

As a step toward closer international cooperation, we have launched a series of experimental bilateral exchanges of search results to evaluate the usefulness of the searching work product of commerce in one country in facilitating the examination of a corresponding application in another country. An experimental exchange of search results with the Patent Office of the Federal Republic of Germany, involving 2,000 pairs of crossfiled cases, recently has been completed. Results indicate that in a sizable number of cases, the search results were of material assistance to both offices. The trial program demonstrated, I believe, that a continuous exchange would result in considerable improvement in quality in both countries and would also have a potential for time savings to the examiner. A similar experiment in process with the Swiss Patent Office appears to be producing excellent results. Other exchange proposals are in various stages of development with other countries.

These exchange programs provide us with a sound data base upon which to move ahead intelligently. The payoff from an extensive and continuing exchange agreement could be substantial, both to the Patent Offices which would participate in the plan and to patent applicants in participating countries. Under such an exchange program, in full operation, a large portion of the search or examining work in anywhere from 15 to 80 percent of the applications, depending upon the country, could be eliminated if all the examining countries participated. In order to initiate a broad-based international approach the solution to the worlds patent problems, the United States proposed at the executive committee meeting of the Paris Union on October 27, 1966, a resolution that the Director of BIRPI, which is the United International Bureau for the Protection of Intellectual Property, and the Secretariat of the Paris Union, that this organization should undertake a study of ways to reduce the duplication of effort, both for applicants and National Patent Offices. This resolution was unanimously adopted.

Under it, BIRPI has been developing a plan within the framework of the Paris Union which would reduce unnecessary duplication in securing international patent protection.

Mr. Chairman, I am pleased to be able to state today that we understand from BIRPI that as of about May 31 of this year, namely, within about 2 weeks, the International Bureau plans to publish the

first draft of an international patent cooperation treaty. We will certainly make sure that copies of this treaty are sent to your subcommittee for your consideration on these important patent matters you now have under consideration.

In our judgment, this patent cooperation treaty has a tremendous potential in that it will basically provide for a single international patent filing, a single search, a single examination, and a single patent prosecution. We feel that under this plan, there are possibilities to counteract on a long-range basis the ever-increasing volume and complexity of patent work resulting from the explosion of science or technology and the increase of international trade. We feel that in the case of the U.S. Patent Office, such a plan could reduce the increasing workload and stabilize our workload in the Patent Office; and U.S. patent applicants would save tens of millions of dollars in effort that now is involved in foreign patent filing.

Now, this plan is very much related to the Patent Reform Act and many of the features provided in the Patent Reform Act, and just briefly to mention a few of the key provisions, I would call your attention to the first-to-file provisions of section 102; the preliminary applications set forth in sections 111 and 120; provisions for universal prior art set forth in section 102(a), the 20-year patent term set forth in section 154(b); the prior art citation period set forth in sections 136 and 151; the provision for filing by the owner of an invention set forth in section 111(a). These are all most important with regard to our hopes for effective international patent cooperation in the future.

Finally, Mr. Chairman, I would like to make a few comments on the other bills that are before your committee that you referred to yesterday, as well as the amendments recently introduced by Senator Long of Missouri.

Amendment No. 182, introduced by Senator Long, would amend section 105 of the bill to provide a 6-month personal grace period prior to the filing of a complete application. During this period, a publication, public use, or sale of an invention by or derived from the inventor would not bar his obtaining a patent, although such acts would constitute prior art against anyone else. Since a personal grace period does not secure an early filing date, the protection it provides an inventor is not as effective as that provided by a preliminary application in that, first, possible foreign patent rights would be destroyed by the inventor's publication; and second, independent disclosure by another true inventor prior to the U.S. filing would be good prior art. However, providing a personal grace period would be fully consistent, or at least inconsistent with establishing a first-to-file procedure. Since the number of administration spokesmen in the hearings being conducted by the House subcommittee have suggested the desirability of such a personal grace period, this subcommittee may wish to carefully consider whether this amendment as a supplement to preliminary applications would improve the bill.

Senator McCLELLAN. Do you have any objection to this amendment, No. 182?

Mr. BRENNER. Well, Mr. Chairman, as I stated, we do not see that it would be inconsistent with the basic thrust of the Patent Reform Act or its first-to-file provisions. We have some reservations about how

effective and advantageous it would be for inventors, but there is considerable merit in this provision. I think that although we do not strongly endorse it, we would not vigorously oppose any such amendment.

Senator McCLELLAN. You do not endorse it, but you are not unalterably opposed to it?

Mr. BRENNER. No, sir, we believe that it has definite advantages and that the advantages may be sufficient that it would be a good addition to the Patent Reform Act.

Senator McCLELLAN. Very well.

Mr. BRENNER. Proposed amendment No. 183 would implement the President's Commission's recommendation No. 22. The Commission concluded that this recommendation would clarify the rights of the patent owner in licensing his patent by making clear that a rule of reason would constitute the guideline for determining patent misuse. The recommendation also would specifically permit field-of-use restrictions in license provisions.

Recommendation No. 22 was not included in the administration's bill since, in its present form, its probable effect is less than clear. It was concluded that the matter needs further study and development before any legislation would be appropriate. Accordingly, we do not support inclusion of this recommendation by the proposed amendment.

Senator McCLELLAN. You are opposed to this one, then? Am I to understand that you oppose amendment No. 183?

Mr. BRENNER. Yes, sir.

Proposed amendment No. 184 relates to section 271(b) of S. 1042, which implements to an extent a recommendation of the Commission concerning the importation into the United States of a product made abroad by a process patented in the United States. Such importation is not presently an act of infringement. A process patent owner may now seek to have the offending product excluded from this country under the Tariff Act of 1930 on the ground that importation will tend to cause substantial injury to an efficiently and economically operated domestic industry. The Commission concluded, however, because of these requirements, that the patent owner had little prospect for success. The problem is particularly relevant in cases where patent protection for the process is not available in the country of origin. To alleviate this problem, section 271(b) would provide that whoever without authority of the patentee imports into the United States for purposes of trade or use in trade or industry a product made in another country by a process patented in the United States shall be liable as an infringer provided patent protection for the process is not available in such country.

Proposed amendment No. 184 would expand this section and provide a remedy to the process patent owner, whether or not he could have patented the product in the country of origin of the imported product. A real need for an expanded provision has not been demonstrated, and thus we do not support proposed amendment No. 184.

Amendment No. 185 would establish the so-called right of prior user. Under this provision, which is patterned after the intervening rights section of the reissue section 252, a court of equity could permit someone who practiced an invention prior to a patent test filing date the

personal right to continue to use the patented invention. The Commission considered such a proposal and concluded such a provision was undesirable in detracting from the rights of the patentee, especially to the extent that it would protect someone who secretly used an invention against a patentee who sought to use the patent system for its intended purpose.

Amendment No. 186 would permit the filing of a continuation application after the filing of an appeal to the Patent Office Board of Appeals in the preceding or parent case. It would also exclude the preceding case from being prior art against the second filed or continuation in part application. Although the Commission did not recommend such a provision, it does not, in our view, represent a basic departure from the Commission's plan.

S. 2, introduced by Senator Smith, would exclude from prior art the previous publications of an inventor describing an invention provided (1) the description is published incident to a claim for copyright under chapter 3, title 17, United States Code, and (2) the publication gives notice that the person has made or intends to file a patent application on the invention.

Presumably, this would establish an indefinite personal grace period for an inventor coming within the purview of the provision. He could bar anyone else from getting a patent by his publication, but he would not himself be required to file an application during any fixed period thereafter. This would permit an inventor to delay his filing and, in effect, extend his period of monopoly. Because of this, S. 2 would appear at cross-purposes with S. 1042, and we therefore do not recommend its enactment.

S. 1377, introduced by Senator Nelson on March 23, would clarify the existing authority of the Commissioner by specifically authorizing the establishment of patent search centers in economically strategic locations throughout the country. At the present time, the only place where patents are arranged by subject matter for convenient search or study is in the public searchroom in the Patent Office at Washington. The Patent Office has for several years been interested in the establishment of field search centers to enable interested members of the public to make patent searches in various parts of the country. Also, establishment of such centers would provide national security of this invaluable technical information against fire or other disaster.

The Patent Office has an ongoing program of placing the patent search files on microfilm. When this is completed, the cost of copies, as well as space requirements, will be greatly reduced. Senator Nelson's proposal, therefore, is very timely and has considerable merit.

S. 1691, introduced by Senator Dodd on May 4 as a substitute for S. 1042, in essence, adopts four of the Commission's recommendations.

These include the recommendations on filing of patent applications by assignees and the naming of inventors, the 20-year patent term, the importation of a product made abroad by a patented process, and an expanded research and development program by the Patent Office.

Adoption of these recommendations, in our view, would improve the patent system. S. 1691, however, falls far short of the Commission's plan and of the improvements which would be achieved by enactment of S. 1042. Thus, S. 1691 is not an adequate substitute for the patent reform bill.

Mr. Chairman, I would be pleased to answer any questions you may now have and to return at any time as the issues develop before this subcommittee. It is my firm conviction that this revision is essential to insure the vitality and effectiveness of the patent system in the decades ahead, and I therefore strongly urge enactment of S. 1042. (The full statement of Mr. Brenner follows:)

STATEMENT OF EDWARD J. BRENNER, COMMISSIONER OF PATENTS

Mr. Chairman and Members of the Subcommittee, I appreciate the opportunity to be here today to discuss the major provisions of the Administration's Patent Reform bill, S. 1042. I will also contrast a substitute measure, S. 1691 introduced by Senator Dodd and discuss amendments 182 through 186 of S. 1042, which amendments were introduced by Senator Long of Missouri. Finally, I will comment on two other bills, S. 2 and S. 1377, pending before this subcommittee.

As Dr. Hollomon has stated, the Patent Reform bill will bring about the first major revisions of the U.S. patent system in more than 130 years. The bill contains a number of significant provisions. These complement and reinforce each other in many respects, so that taken together they achieve three major objectives of the bill. These provisions will also pave the way for closer international cooperation which ultimately will reduce the workload of the patent offices of the world, and reduce materially the costs of securing international patent protection.

In the time available this morning, it will be difficult to review in detail all of the features of S. 1042. Instead, I propose to explain the key provisions of the bill, how they would change existing law, and how they would be implemented. This will give the Subcommittee an overview of the bill and the President's Commission's plan, and afford a basis for more detailed questions and discussion.

As President Johnson noted in transmitting S. 1042 to the Congress, its purposes are:

1. To raise the quality and reliability of U.S. patents.
2. To reduce the time and expense of obtaining and protecting a patent.
3. To speed public disclosure of scientific and technological information.

The President also noted that "these changes will accomplish another important objective—they will bring the U.S. patent system more closely into harmony with those of other nations."

Although each provision of the bill is part of an integrated plan which in sum achieves the objectives of the bill, it would perhaps be helpful to discuss the major provisions of the bill in the context of the individual objectives of the bill.

TO IMPROVE THE QUALITY AND RELIABILITY OF U.S. PATENTS

A number of the recommendations of the President's Commission on the Patent System, which are included in S. 1042, are designed to improve the quality and reliability of U.S. patents. Greater reliability, which results from high quality in the issuance of patents together with public recognition of this high quality, will result in greater respect for patents on the part of both potential infringers and the courts. This, in turn, hopefully will reduce the extent to which litigation is necessary to enforce patent rights. Such patents would become more akin to hard currency rather than mere licenses to sue.

To reduce the likelihood of issuing patents which will later be declared invalid in the courts, under sections 136 and 151 of the bill, third parties would be permitted—prior to the issuance of a patent—to submit evidence to the Patent Office that the patent should not be granted. Under present law, patent applications are maintained in secrecy until a patent is issued. Section 151 would require publication of an application after the case is found to be allowable, but before the grant of a patent. Section 136 would then give third parties, during a period of from three to six months, the right to argue that a patent should not be issued either because of "prior art" or because the inventor named in the application derived the invention from someone else. This will supplement the information now available to the examiner in deciding whether to issue a patent.

Another key provision of the bill in upgrading the quality of U.S. patents is section 137 which would provide that whenever the patentability of an invention is in issue before the Patent Office, "the applicant shall have the burden of

persuading the Office that the claim is allowable." This would overrule the so-called "rule of doubt" now followed by the Court of Customs and Patent Appeals—one of the two appellate courts which review Patent Office decisions—under which doubts as to the patentability of an invention are resolved in favor of an applicant. The President's Commission felt that resolving doubts in favor of applicants for patents would inevitably downgrade the worth of patents.

Section 148 of the bill would provide that after a patent examiner and a three-member panel of the Patent Office's Board of Appeals have refused an applicant's claim, this decision "shall be given a presumption of correctness, and such decision shall be upheld unless it is without substantial basis or not in accordance with law."

Under present law there are two routes of appeal from Patent Office decisions: An applicant may either file a civil action in the District Court for the District of Columbia under 35 U.S.C. 145 or he may seek direct appellate review, on the record, in the Court of Customs and Patent appeals (C.C.P.A.). Under this dual line of review, therefore, the Patent Office may, and often does, find itself faced with conflicting interpretations of the law. And, of course, as a practical matter, an applicant will choose that line of review most favorable to his position.

To eliminate possible conflicts in interpretation, the Commission recommended, and S. 1042 would provide, in section 147, that, in patent cases, decisions of the C.C.P.A. as well as those of the District Court be subject to review by the Court of Appeals for the District of Columbia.

In section 12 of the bill the Commissioner of Patents is directed to "conduct a program of research and development to improve and expedite the handling, classification, storage and retrieval of patents and other scientific and technical information." As stated by President Johnson:

"As the world's library of scientific and engineering information increases and as inventions become more complex, conventional information retrieval systems are becoming roadblocks to rapid and effective patent searches. These roadblocks must be eliminated through expanded research and development and increased international cooperation."

Under section 15 of the bill, a Statutory Advisory Council would be established to provide a continuing appraisal of how the patent system is serving the public interest. This Council would report to the Secretary of Commerce, on, among other things, the quality of U.S. patents. This would dovetail with the quality control program of the Patent Office, already established along the lines suggested by the Commission.

Feeling strongly that all inventions should be required to meet a high standard of novelty, utility and unobviousness, the President's Commission recommended that patent protection not be granted for plants, ornamental designs or computer programs. The Commission concluded that this subject matter cannot be readily examined for adherence to their criteria.

Plants and designs are currently patentable under special provision of title 35. The Patent Office has taken the view that computer programs are not patentable under present law, and no patent has been issued on a computer program *per se*. Section 106 of the bill would codify this interpretation by providing that computer programs are not patentable. Studies are now being made, as suggested by the Commission, on possible alternate means for protecting designs and plants. Meanwhile, sections 161-164 and 171-173 would continue to provide patent protection in these areas.

TO REDUCE THE TIME AND EXPENSE OF OBTAINING AND PROTECTING A PATENT

As Dr. Hollomon noted, the establishment of a first-to-file system of priority, principally in section 102 of the bill, would reduce the time and expense of obtaining a patent by obviating the costly and time-consuming "interference procedure" now used when two persons claim to be the first inventor of the same invention. Millions of dollars in legal and technical resources would be saved the public for other uses. It would also reduce to some extent the witnessed record-keeping which companies and individuals must now practice to establish their dates of inventorship either to sustain their patents or to invalidate those of other concerns.

Also, the establishment of a first-to-file system in the U.S. will make easier our participation in current plans for international cooperation as well as the eventual adoption of a multinational patent system. This will materially reduce the time and expense of obtaining international patent protection.

Dr. Hollomon also mentioned the "preliminary applications" which would be authorized under sections 111 and 120 of the bill. These could be informal technical disclosures of an invention filed with a nominal fee, for example \$10, to secure an early legal filing date. Under current practice, only formally prepared patent applications may be filed. An applicant typically must spend several hundred dollars in attorney's fees to have this prepared, and must pay a filing fee which averages approximately \$85.

In connection with the adoption of a first-to-file system of priority, the Patent Office is now considering the feasibility of amending its rules to provide that the filing date of patent applications and papers would be the date they were deposited with a U.S. post office as registered mail, provided, of course, they meet all legal requirements.

Operationally, the Patent Office would receive "preliminary applications," record their date of filing and store them. Applicants wishing to perfect their patent applications would then have one year in which to file a "complete application" complying with present formal requirements. If after a year, the person filing a preliminary application did not file a complete application and claim the prior date of the preliminary, the preliminary application would be destroyed.

The one-year period between the preliminary and complete application could be used for further research, and any resulting improvements could be included in the complete application when filed. More than one preliminary application could be filed by an applicant, each one adding new disclosure with its own filing date as the invention is developed or modified; and all of these could be combined into a single complete application filed within one year of the earliest preliminary application relied upon.

Under the present 35 U.S.C. 102(b), an applicant has an absolute one-year grace period following publication, use or sale of an invention in which to file a patent application. It does not matter under existing law whether the publication, use or sale is by the inventor or by third parties. The new section 102 of the bill would eliminate this grace period in favor of the preliminary application approach.

During the period which follows the filing of a preliminary application, an inventor may publicly discuss, seek support for, or market-test an invention, prior to expending the time and funds needed to prepare and file a formal application. In effect, then, the preliminary application provides a substitute for the one-year grace period, following an inventor's publication, use or sale of his invention, during which he may file an application. An important difference, and a positive benefit for U.S. inventors, is that the date of the preliminary application will be recorded by the Patent Office; an inventor need not prove his date of invention by oral testimony or unofficial documents. Even more important, with the preliminary application conferring a filing date, an inventor's subsequent public disclosure will not destroy the availability of foreign patent rights, as now happens when an inventor publishes his invention during the "grace period" prior to the filing of an application.

To protect an inventor from losing his patent rights upon publication of his invention by someone having an obligation not to disclose it, section 105 of the bill would provide that such an "unauthorized" disclosure will not bar a patent so long as a complete application is filed within six months of the disclosure.

Amendment No. 182 introduced by Senator Long of Missouri would amend this section 105 of the bill to provide a six-month "personal grace period" prior to the filing of complete application. During this period a publication, public use or sale of an invention by or derived from the inventor would not bar his obtaining a patent, although such acts would constitute prior art against anyone else. Since a personal grace period does not secure an early filing date, the protection it provides an inventor is not as effective as that provided by a preliminary application, in that, first, possible foreign patent rights would be destroyed by the inventor's publication, and second, independent disclosure by another true inventor prior to the U.S. filing would be good prior art. However, providing a *personal* grace period would be fully consistent with establishing a first-to-file procedure. Since a number of Administration spokesmen, in the Hearings being conducted by the House Subcommittee, have suggested the desirability of such a personal grace period, this Subcommittee may wish to carefully consider whether this amendment, as a supplement to preliminary applications, would improve the bill.

To encourage diligent prosecution of patent applications, and to discourage delays in the Patent Office, the term of a patent, now seventeen years from the grant of a patent, would be measured from the filing date of a patent; but this term would be increased under section 154(b) of the bill to twenty years. In instances where a patent grant was delayed because of national security reasons, the term of the patent, under section 154(c), would be increased to take this delay into account.

When an applicant relied upon the filing date of a previously filed application—for example, a foreign-filed case or a preliminary application—he would be required under sections 119 and 120 of the bill to claim this date at the time of filing the later application so that the Patent Office would know at the outset what would constitute prior art against the application. This, too, would tend to expedite search and examination.

To simplify filing for patents resulting from organized and cooperative research and development, the owners of inventions, as well as inventors, would be permitted under section 111(a) to file patent applications. Also, under sections 111(d) and 256, in any application or patent, omission of an inventor's name or inclusion of the name of one not an inventor, without deceptive intent, may be corrected at any time.

Patents typically contain a number of "claims," each defining the invention in varying terms. Section 116(b) simplifies the present requirement where an invention resulted from the work of two or more inventors, by providing that "it shall not be necessary for each person named as joint inventor to be a joint inventor of the invention asserted in each claim." This removes a technical requirement which gives rise to unnecessary problems under the present law.

In the event that the preferred full examination system cannot function satisfactorily, standby authority would be provided to institute a system of "deferred examination" of applications—one of the more recently developed techniques employed in the examination of patents.

Under this system, an applicant could elect to have the application published immediately and have the examination of his application deferred for up to five years from its filing. At the end of five years, if a request for examination is not made, the application becomes abandoned. The purpose of deferred examination is to avoid the costly and time-consuming examination procedure for inventions that are of little economic significance.

In operation of "deferred examination," an applicant would have two options: He could submit an examination fee with the application upon filing and request that the application be placed on the dockets for immediate examination. Alternatively, the applicant could choose not to pay the examination fee, in which case he would pay a publication fee, and the application would be examined as to form and published as a deferred application. Within five years after filing, either the applicant, or any other person on a confidential basis, could have the application examined upon payment of the examination fee. As I said, if no one requests an examination within five years, the application would become abandoned. To the extent that examinations are never requested, there would be a resultant saving in cost and manpower both for the Patent Office and for applicants.

The deferred examination system is now in use in the Netherlands, and a new patent law adopting such a system is now pending before the West German parliament.

While the President's Commission and the Administration recognize the merits in providing an immediate examination of all applications filed, standby authority for a deferred examination system was recommended by the Commission and is included in sections 191-194 of S. 1042. These sections would authorize the Secretary of Commerce to issue regulations instituting the deferred examination system, "if he determines such action to be in the public interest." There are no present intentions to adopt the deferred examination system, unless other steps to reduce the backlog are inadequate.

To further encourage diligent prosecution of applications, time limitations would be imposed on the filing of "continuing" applications, those applications which may date back to a related earlier application, but which require additional examination. Under section 120(b) in order to date back to an earlier application, a "continuation" application must be filed before the abandonment or publication upon allowance of the earlier application, or before an appeal to the Patent Office Board of Appeals in the earlier case. These provisions, coupled

with section 251(c), which would prevent an applicant from broadening the scope of his patent claims in a reissue patent (as he may now do) will reduce the period of time before the public will be completely informed as to what an inventor regards as his invention.

To clarify the rights of the public with respect to patents which have been litigated, a patent or claim of a patent once finally held invalid by a federal court would be cancelled under section 294. Under present law, a holding of invalidity of a patent in one federal court does not bar additional suits based on the patent in other circuits.

The bill would also allow any person, within three years of the issuance of a patent, to petition the Patent Office to cancel one or more claims from the patent on the basis that they are invalid over prior patents or publications. The procedure would be *ex parte* and to prevent patentees from being harassed, a \$500 fee would be imposed, and the patent owner's defense costs (up to \$1,000) could be assessed against one who unsuccessfully seeks such cancellation. Moreover, unless the Patent Office initially agreed with the petitioner that a claim should not have allowed, the matter would be ended, and the patentee would not incur any costs or legal fees.

Finally, to reduce the costs of patent litigation, and particularly the pretrial discovery phases, the positions of Civil Commissioners would be established by adding section 757 to title 28, U.S. Code. These Commissioners would be authorized to "regulate and control the conduct of all discovery proceedings, preside at any oral examination for discovery of parties . . . , preside over any pretrial hearings, and make any necessary order with respect thereto." It is hoped that these Commissioners will expedite patent litigation, and make such litigation less burdensome to small business and individual inventors.

TO SPEED PUBLIC DISCLOSURE OF SCIENTIFIC AND TECHNOLOGICAL INFORMATION

The first-to-file system of priority which would be established by section 102 of S. 1042 would, as Dr. Hollomon pointed out, encourage prompt filing of patent applications by awarding the patent to the first inventor to take positive action under the patent system to make the invention available to the public. This will create a sense of urgency on the part of inventors and their attorneys to take prompt action to protect the invention under the patent system.

To further accelerate the public disclosure of new technology, section 123 of the bill would require the publication of pending patent applications within 18 to 24 months of their "effective filing date," regardless of their status, unless to defer publication will permit the examiner more quickly to dispose of the application. "Effective filing date" means the legal date of the application; for example, in cases where a complete application is based upon a preliminary application, it would be the date the preliminary was filed.

Under present law, patent applications are maintained in secrecy by the Patent Office until the patent is granted. This frequently occurs three or more years after the application is filed.

Under the bill, therefore, inventors will be encouraged to file promptly and the Patent Office would be required to publish applications after a given period of time. This will promote advances based upon the disclosed work and prevent duplication of effort. Equally important, it will apprise businessmen at an early date of the invention and of the inventor's rights.

To protect the rights of inventors whose applications have been published, section 273 of the bill would permit the owner of an invention, under certain circumstances, to collect damages for the unauthorized practice of the invention by third parties after publication of an application but prior to the grant of a patent.

TO BRING THE U.S. PATENT SYSTEM MORE CLOSELY INTO HARMONY WITH THOSE OF OTHER NATIONS

A number of the provisions of S. 1042 would bring U.S. patent practice more closely into harmony with those of the major industrialized nations of the world.

One provision which has not yet been discussed and which would contribute directly to this objective appears in section 102(a). This would establish what is sometimes referred to as "universal prior art," under which public knowledge, use or sale of an invention anywhere in the world prior to the filing date of a patent application would bar the grant of a patent. Under present law,

patenting or publication of an invention anywhere in the world can bar the grant of a patent, but prior knowledge, public use or sale is relevant "prior art" only if it occurs "in this country."

The President's Commission concluded that to adopt a universal definition of prior art would eliminate the present anomaly of excluding from prior art public knowledge, use or sale in a border town of Canada or Mexico, and including the same kind of disclosure in Alaska or Hawaii.

The change would also be an important step toward acceptance of a common definition of universal prior art. While not all of the industrialized countries operate on a universal prior art basis, the trend is definitely toward adopting this standard. The Council of Europe Treaty on the Unification of Certain Points of Substantive Patent Law (which has been signed by the European countries, but is not yet ratified or in force) provides that prior use or sale anywhere in the world be considered as prior art. Similarly, the "Model Law for Developing Countries on Inventions," written by the Secretariat of the Paris Convention, includes this same universal standard. Adoption of this standard by the United States would, therefore, add impetus to these efforts to agree upon a universal definition of prior art.

Dr. Hollomon has discussed briefly the need for international cooperation. I would like to amplify his statement and express my conviction that such cooperation is essential for the patent systems of the world to provide effective protection of intellectual property.

As a start toward closer international cooperation, we have launched a series of experimental bilateral exchanges of search results to evaluate the usefulness of the searching work product of examiners in one country in facilitating the examination of a corresponding application in another country.

An experimental exchange of search results with the Patent Office of the Federal Republic of Germany involving 2,000 pairs of cross-filed cases recently has been completed. The results indicate that in a sizeable number of cases the search results were of material assistance to both offices. The trial program demonstrated, I believe, that a continuous exchange would result in considerable improvement in quality in both countries and would also have a potential for time savings to the examiner. A similar experiment in process with the Swiss Patent Office appears to be producing excellent results. Other exchange proposals are in various stages of development with other countries.

These exchange programs provide us with a sound data base upon which to move ahead intelligently. The payoff from an extensive and continuing exchange agreement could be substantial, both to the patent offices which would participate in the plan and to patent applicants in participating countries. Under such an exchange program in full operation, a large portion of the search or examining work in anywhere from 15 to 80% of the applications, depending on the country, could be eliminated if all of the examining countries participated.

In order to initiate a broad-based international approach to solutions to the world's patent problems, the United States proposed at the Executive Committee meeting of the Paris Union on October 27, 1966, a resolution that the Director of BIRPI [United International Bureaux for the Protection of Intellectual Property, the Secretariat of the Paris Union] undertake a study of ways to reduce the duplication of effort both for applicants and national patent offices. This resolution was unanimously adopted. Under it, BIRPI has been developing a plan within the framework of the Paris Union which would reduce unnecessary duplication in securing international patent protection.

OTHER PROVISIONS OF S. 1042

To provide added flexibility to the Patent Office in shaping its program, the President's Commission proposed that patent fees, now established by statute, be determined by regulations issued by the Commissioner of Patents. Because Patent Office costs may rise, and since there is presently no provision for a corresponding increase in its service charges, the Commission concluded that any long term fixed relationship between fees received and Office expenditures could not be maintained without continuing and prompt legislative adjustments. In preference to this, the Commission recommended that fees be set by regulation rather than by statute with Congress specifying a desired rate of recovery and reviewing the fee structure during the yearly budget process.

This recommendation is implemented in section 41 of the bill.

Section 271(b) implements to an extent another recommendation of the Commission concerning the importation into the United States of a product made

abroad by a process patented in the United States. Such importation is not presently an act of infringement. A process patent owner may now seek to have the offending product excluded from this country under the Tariff Act of 1930, on the ground that importation will tend to cause substantial injury to an efficiently and economically operated domestic industry. The Commission concluded, however, because of these requirements, that the patent owner has little prospect for success.

The problem is particularly relevant in cases where patent protection for the process is not available in the country of origin. To alleviate this problem, section 271 (b) would provide that:

"Whoever without authority of the patentee, imports into the United States, for purposes of trade or use in trade or industry, a product made in another country by a process patented in the United States shall be liable as an infringer provided patent protection for the process is not available in such country."

Proposed amendment No. 184 would expand this section, and provide a remedy to the process patent owner whether or not he could have patented the product in the country of origin of the imported product. A real need for an expanded provision has not been demonstrated and thus we do not support amendment No. 184.

To endorse an interpretation now given the present statute by the Patent Office with respect to double patenting, i.e., the acquiring by a person of more than one patent on a single invention, section 253 (c) would provide that:

"The fact that two patents which have been or may be issued expire at the same time by means of a terminal disclaimer or dedication under this section or otherwise, shall have no effect in the determination of the patentability or validity of a claim in either."

Under sections 3 and 7 of Title 35, as they would be rewritten, the Assistant Commissioners of Patents and the examiners-in-chief who constitute the Board of Appeals, now appointed by the President by and with the advice and consent of the Senate, would be appointed by the Secretary of Commerce. This change was prompted by the conclusion that the President's involvement in such appointments is an unwarranted burden on him.

The Assistant Commissioners, while providing policy guidance to the Patent Office, are in turn under the general direction of the Commissioner and Secretarial officers of the Department of Commerce. And at least as early as 1875, the appointments of examiners-in-chief have been made by promotion of experienced examiners on the basis of merit. Also, incumbent examiners-in-chief, while Presidential appointees, have uniformly not left office on changes of party administration.

Under section 7, also, the number of members on the Board of Appeals is increased from fifteen to twenty-four and the functions now performed by the Board of Patent Interferences (which would be abolished under the bill) would be assimilated by the expanded Board of Appeals. These functions involve resolving "interference proceedings" for cases filed before the establishment of the first-to-file system of priority. They also include determinations of ownership of inventions under section 152 of the Atomic Energy Act of 1954, 42 U.S.C. 2182, and section 305 of the National Aeronautics and Space Act, 42 U.S.C. 2457.

Other, more technical, matters are detailed in the sectional analysis of the bill which was forwarded by the President with the bill and which has been printed by the House of Representatives in House Document No. 59.

A table showing the relationship between the Commission's recommendations and S. 1042 is attached hereto as Appendix A. Those recommendations identified by an asterisk do not require statutory implementation at this time.

There are a few typographical errors in the bill, and these will be called to the attention of the Counsel for the Subcommittee. Also, in putting the bill together, the second paragraph of present section 114—relating to the furnishing of specimens or ingredients to the Patent Office for purpose of inspection or experiment—was inadvertently omitted. We suggest that this paragraph be included in S. 1042 when it is reported.

AMENDMENT NOS. 183 THROUGH 186

I have already discussed Amendment Nos. 182 and 184 proposed by Senator Long of Missouri.

Proposed Amendment No. 183 would implement the President's Commission's Recommendation No. XXII. The Commission concluded that this recommendation would clarify the rights of the patent owner in licensing his patent by

making clear that a "rule of reason" would constitute the guideline for determining patent misuse. The recommendation also would specifically permit field of use restrictions in license provisions.

Recommendation No. XXII was not included in the Administration's bill since, in its present form, its probable effect is less than clear. It was concluded that the matter needs further study and development before any legislation would be appropriate. Accordingly, we do not support inclusion of this recommendation by the proposed amendment.

Amendment No. 185 would establish the so-called right of prior user. Under this provision, which is patterned after the "intervening rights sections" of the reissue section 252, a court of equity could permit someone who practiced an invention prior to a patentee's filing date the personal right to continue to use the patented invention.

The Commission considered such a proposal and concluded that such a provision was undesirable in detracting from the rights of a patentee, especially to the extent that would protect someone who secretly used an invention against a patentee who sought to use the patent system for its intended purpose.

Amendment No. 186 would permit the filing of a continuation application after the filing of an appeal to the Patent Office Board of Appeals in a preceding (or parent) case. It would also exclude the preceding case from being prior art against a second filed, or continuation in-part, application. Although the Commission did not recommend such a provision, it does not, in our view, represent a basic departure from the Commission's plan.

S. 2

S. 2 introduced by Senator Smith would exclude from "prior art" the previous publications of an inventor describing an invention provided (1) the description is published incident to a claim for copyright under Chapter 3, title 17, U.S. Code, and (2) the publication gives notice that the person has made or intends to file a patent application on the invention.

Presumably, this would establish an indefinite personal grace period for an inventor coming within the purview of the provision. He could bar anyone else from getting a patent by his publication, but he would not himself be required to file an application during any fixed period thereafter. This would permit an inventor to delay his filing and, in effect, extend his period of monopoly. Because of this, S. 2 would appear at cross purposes with S. 1042, and we therefore do not recommend its enactment.

S. 1377

S. 1377, introduced by Senator Nelson on March 23, would clarify the existing authority of the Commissioner by specifically authorizing the establishment of patent search centers in economically strategic locations throughout the country. At the present time, the only place where patents are arranged by subject matter for convenient search or study is in the public search room in the Patent Office at Washington. The Patent Office has for several years been interested in the establishment of field search centers to enable interested members of the public to make patent searches in various parts of the country. Also, establishment of such centers would provide national security of this invaluable technical information against fire or other disaster.

The Patent Office has an on-going program of placing the patent search files on microfilm. When this is completed, the cost of copies, as well as space requirements, will be greatly reduced. Senator Nelson's proposal, therefore, is very timely and has considerable merit.

S. 1691

S. 1691, introduced by Senator Dodd on May 4 as a substitute for S. 1042, in essence, adopts four of the Commission's recommendations.

These include the recommendations on filing of patent applications by assignees and the naming of inventors, the twenty-year patent term, the importation of a product made abroad by a patented process, and an expanded research and development program by the Patent Office.

Adoption of these recommendations, in our view, would improve the Patent System. S. 1691, however, falls far short of the Commission's plan and of the improvements which would be achieved by enactment of S. 1042. Thus, S. 1691 is not an adequate substitute for the Patent Reform Bill.

Appendix B of my statement is a table showing those recommendations of the Commission which are included in S. 1691.

I realize, of course, that it is impossible to cover in any detailed way in the time available this morning a revision as comprehensive as the Patent Reform Bill.

I would be pleased to answer any questions you may have, and to return at any time as the issues develop before this Subcommittee. It is my firm conviction that this revision is essential to insure the vitality and effectiveness of the patent system in the decades ahead. I, therefore, strongly urge enactment of S. 1042.

Senator McCLELLAN. Thank you, Mr. Commissioner.

Senator Burdick, any questions?

Senator BURDICK. The only amendment that you accept, or would not oppose, let's put it that way, is Amendment No. 182?

Mr. BRENNER. Well, amendment 186 appears to have merit and we feel it should be given serious consideration by the subcommittee.

Senator BURDICK. You do not oppose 186, then?

Mr. BRENNER. That is correct. We do not oppose it. We feel it could be a valuable addition to the act.

Senator BURDICK. But you oppose the others?

Mr. BRENNER. Yes, sir; as of the moment, based on the information that is available. We will be interested in following the testimony before your subcommittee for further light and information on those proposals.

Senator BURDICK. I just came in when you were discussing 182. I wonder if you would mind just restating what that does.

Mr. BRENNER. Amendment 182 would provide what is called a personal grace period for the inventor, during which his own acts, such as publication or public use or sale, would not bar him filing for a patent application within 6 months thereafter. Under the provisions of the Patent Reform Act, S. 1042, any acts on the part of the inventor prior to filing would be a bar to him.

Senator BURDICK. That is all. Thank you.

Senator McCLELLAN. Very well. In the course of further consideration of this bill we may very well want your comments on suggestions that we will hear, testimony that may be presented by others in opposition to the bill, if that develops, and I anticipate it will. We appreciate your appearance before us now and the staff will work with you from time to time and submit to you for your examination any testimony that we think you would be interested in commenting upon or refuting. We want your assistance. The committee has not interest but to try to improve our present patent law. I know you will follow this bill closely and give all the help you can. We appreciate it very much, Mr. Commissioner.

Thank you.

(By order of the chairman a letter from Dr. Donald F. Hornig appears as follows:)

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF SCIENCE AND TECHNOLOGY,
Washington, August 24, 1967.

Hon. JOHN L. McCLELLAN,
Chairman, Subcommittee on Patents, Trademarks and Copyrights,
Committee on Judiciary, U.S. Senate, Washington, D.C.

Dear Mr. CHAIRMAN: I regret that I was unable to appear personally before your Committee at the scheduled time in connection with its consideration of

"The Patent Reform Act of 1967," S. 1042. However, I am pleased to respond to your invitation to submit the attached statement of my views for the record.

Sincerely yours,

DONALD F. HORNIG,
Director.

STATEMENT OF DR. DONALD F. HORNIG, DIRECTOR, OFFICE OF SCIENCE AND TECHNOLOGY, EXECUTIVE OFFICE OF THE PRESIDENT

The Patent System has served the nation well during its 175-year history. Its basic objective, to promote the progress of science and useful arts, remains as important today as it was in earlier days.

However, there is need for certain reforms that build on and reinforce the demonstrated strengths of the Patent System. Certain weaknesses have emerged with the passage of time and with changing conditions. The technological-industrial environment is changing both at home and abroad. We are in a period of rapid change—in the rate of obsolescence of technology, in the growth of research and development and its output of scientific and technical information, and in the expanding trade of high technology products among industrially advanced countries. In my view, we should strive for reforms in the Patent System that will enable it to function effectively for many years to come.

The cornerstone of the proposed patent reform is the introduction of a first-to-file system for determining the person to whom the patent would issue. This would provide an essential means for speeding up the identification, filing and processing of inventions and the resultant disclosure to the public, a basic objective of the Patent System.

In turn, this will spur additional scientific and technological advances based on inventions which have been disclosed to the public. It will avoid unnecessary duplication of research and development effort, and it will inform scientists and businessmen of the work of others and of their competitors legal claim to new inventions.

I am aware of the concerns that have been expressed concerning this change, that it might force the premature filing of applications before the breadth of the invention has been fully developed, and it might inhibit or delay exchange of information resulting from academic and industrial research.

I am convinced that the value of the first-to-file system far outweighs these possible difficulties.

The provision in the Act for filing a Preliminary Application with a year's time to refine it into a final application should offset the concerns of those who are worried about the problem of hasty filing of applications. It would benefit the independent inventor and the small company by reducing the burdens of keeping detailed notebooks concerning the invention and by eliminating the possibility of costly interference proceedings—both of which are generally more easily handled by the larger companies.

With respect to the exchange of information prior to filing a patent application, it may be desirable to consider according the inventor a "personal grace period" during which an inventor's own use or disclosure of an invention would not bar the grant of a patent. Amendment No. 182 to S. 1042, introduced by Senator Long of Missouri, would establish such a personal grace period. This amendment is not in consistent with the first-to-file concept and I would not oppose the amendment if the Subcommittee concludes it would improve the system which would be established by S. 1042.

In fact, the change to a first-to-file system would not constitute a major departure from existing patent practices. It is estimated that in 1972, of the 100,000 patent applications which will be filed in this country, 30,000 will originate abroad. On the other hand, some 30,000 of the 70,000 applications originating in this country will be filed abroad. Since all of the other countries in the world except Canada and the Philippines follow the first-to-file concept, almost two-thirds of the applicants who file in the U.S. Patent Office in 1972 would, in effect, be operating on a first-to-file basis even under existing law. Beyond this, an increasing percentage of applicants can be expected to operate on this basis because of the procedural advantages in the present operations of the U.S. Patent System given to the first-to-file.

In addition to the foregoing observations, a change to first-to-file is essential if the U.S. Patent System is to be brought into harmony with the patent systems

of many other industrially advanced countries. This is important not merely to achieve international consistency, but it has a direct bearing on our international trade performance. The technological sophistication of products is an increasingly important factor in the export trade of an industrially advanced country and of U.S. direct investments abroad. The commercial returns to U.S. industry from the licensing of domestic inventions in foreign countries, from cross-licensing of inventions of foreign origin, and from the manufacture of patented products abroad can be expected to increase along with the levels of national economic development throughout the world.

A first-to-file system will not only avoid the inadvertent loss by U.S. business interests of patent protection in foreign countries, but makes possible full scale international cooperation that can both accelerate and lessen the cost of securing foreign patent protection. It would facilitate U.S. adherence to the proposed Patent Cooperation Treaty, prepared by the United International Bureau for the Protection of Intellectual Property (BIRPI), with the attendant advantages of this treaty to U.S. applicants; namely:

The elimination of multiple filing of patent applications on the same invention which under today's practice must meet a variety of diverse requirements;

the establishment of a uniform application format;

a single world-wide novelty search;

a single examination resulting in an internationally accepted certificate of patentability.

I hope that there will be an expression of Congressional support of the first-to-file principle because of its importance in relation to the long-range interests of this Government in international patent cooperation and such multilateral projects as the proposed BIRPI treaty.

While I have stressed the critical importance of the first-to-file feature to the proposed reform of U.S. patent law, there are other aspects of the Patent Reform Act to which I would like to refer.

First, there is the matter of its quality of issued patents.

Valid and enforceable patents are the foundation of the U.S. Patent System. In this respect the System is in difficulty today. It will be in even deeper trouble tomorrow if corrective actions are not taken. As you know, the Supreme Court observed what it called a notorious difference between the standards of invention applied by the Patent Office and by the courts. In saying this the Court recognized the difficult task of the Patent Office in being confronted with almost 100,000 new applications for patents each year and having a backlog of over 200,000 applications.

A number of the provisions of S. 1042 are directly aimed at improving the quality of U.S. patents. First, it deals with the long-standing problem facing the patent examiner in searching the prior art, in the face of the mounting volume and ever greater complexity of the world scientific and technical literature. The proposed Act would, in effect, greatly extend the search capabilities of the patent examiner by affording the public an opportunity to cite pertinent prior art during the period the patent application is pending. The act also recognizes the parallel need for the Patent Office to conduct a research program to expedite the handling, storage, and retrieval of patents and other relevant scientific and technical literature, in order to assure the ready accessibility of that literature in the patent examination process.

Another determinant of the quality of the patent is the standard of invention applied by the Patent Office and the courts. The proposed Act would strengthen the hand of the Patent Office in maintaining a high standard of invention by placing on the applicant the burden of persuading the Office that his claims are allowable. This provision is needed to maintain the high standard of invention required by the public interest and to assure patents of high quality and enforceability.

In addition to the foregoing measures to upgrade the quality of issued patents, the Act further provides for the initiation of a deferred examination system when this is determined by the Secretary of Commerce to be in the public interest. If instituted, such a deferred examination system would have the advantage of focusing the attention of the Patent Office Examiners on those applications where there is serious interest on the part of the applicant in securing patent protection. If the Patent Office backlog of applications were to grow to unacceptable proportions, it would be necessary to provide some

system of deferred examination. Therefore, I believe that the authority proposed in the Act should be given to the Secretary of Commerce, and that he be given encouragement to initiate deferred examination on a pilot scale in a suitable class of inventions, in order to gain experience with a possibly important means of maintaining the long-term quality of the system.

There is another provision in S. 1042 concerning an international problem of some significance. I refer to Section 27 1(b) which provides that the unauthorized importation of a product into the U.S. which is made in another country by a process patented in the U.S. would constitute an infringement, provided that patent protection for the process is not available in the country of origin. Similar laws are in force in other countries. Not to accord the U.S. patent holder this protection in the U.S. under circumstances where he had no other way to secure protection on his invention would be inconsistent with the spirit of the U.S. Patent System.

Section 106 of S. 1042 states that "a plan of action or set of operating instructions, in whatever form presented, to cause a controllable data processor or computer to perform selected operations shall not be patentable." It has become clear that there are some very genuine and difficult questions of philosophy as well as practicability involved in the question of patentability of computer programs. It presents a substantial problem of precise definition. Section 106 is an attempt to codify or clarify existing law. But because of the complexity of this matter, the Committee may wish to consider further the adequacy of the definition contained in Section 106.

In this Statement I have concentrated on certain features of S. 1042 which especially bear on the progress of science and technology and the useful arts in the United States. I wish, in summary, to record my strong support for the Patent Reform Act as embodied in S. 1042.

STATEMENT OF DONALD F. TURNER, ASSISTANT ATTORNEY GENERAL, ACCOMPANIED BY RICHARD H. STERN

MR. TURNER. I am Assistant Attorney General Donald Turner, Department of Justice. I am accompanied by Mr. Richard H. Stern of the Antitrust Division.

Senator McCLELLAN. Do you have a prepared statement?

MR. TURNER. Yes, I do.

Senator McCLELLAN. Do you want to read it or insert it in the record?

MR. TURNER. That is at your pleasure, Mr. Chairman. It is a rather long statement. I would be happy to read it if you would like to hear it.

Senator McCLELLAN. If you can highlight it, we believe it would be better. We do not want to crowd anybody. We want to give you full opportunity.

It might be well if you proceed to read it. It may be expedited better that way after all.

MR. TURNER. Thank you.

We appreciate the opportunity to appear before you. This bill, as you know, is the first complete revision of the Patent Act since 1836. As you know, the bill is based primarily on the recommendations of a Commission of leading American citizens, appointed by the President in July 1965, to study ways "to insure that the patent system will be more effective in serving the public interest." When the President received the Commission's report last December, he directed the Commerce Department, the Justice Department, and his Science Adviser to consider it and to develop legislative proposals to carry out its objectives to the extent deemed appropriate. The patent reform bill of 1967, S. 1042, is the result of that review.

There has been agreement among us that the main thrust of the Commission report should be incorporated in the patent code revision, as it is in this bill.

The Department of Justice strongly supports the objectives of the bill to (1) improve the quality and reliability of U.S. patents; (2) to reduce the time and expense of obtaining patents; (3) to speed public disclosure of scientific and technological information, and (4) to move toward a more harmonious body of international patent laws.

We support the implementing provisions of the bill. I will now turn to its major features.

The first-to-file proposal is the central feature of the proposed new Patent Act. This is the first recommendation in the report of the President's Commission on the Patent System. Under the first-to-file system, when two or more persons separately apply for patents on the same invention, the patent is granted to the person who is first to file his application. Under the present system, when there are two applicants, the first one of them to file, is, with certain exceptions, granted the patent, and an interference procedure is available to determine which one is the first inventor. The party who is last to file may prevail if he succeeds in proving that he conceived the invention first and diligently sought to reduce it to practice continuously until he was successful, when such diligence was commenced at a point in time before the other party conceived the invention.

As you know, the administrative proceeding in which relative priority between applicants is determined is called an "interference." The law applicable to such proceedings has become so complex and the procedure so complicated that its elimination, provided for in the bill, seems to us desirable. The procedure lends itself to collusion and fraud, as past hearings before House and Senate committees have indicated. The social benefits to be derived from our present interference system seem so minimal that they do not warrant, in our view, the high cost of maintaining the system.

The President's Commission found, and we believe, that a first-to-file system encourages prompt disclosure of newly discovered technology, and at the same time substitutes for the delay and expense of the complicated proceedings now necessary, a fair and inexpensive means by which an inventor can establish his priority.

The Commission stated that it believed, and we believe with it, that it is as equitable to grant the patent to the first to file as to the one who wins an interference. Moreover, it is more in keeping with the constitutional purpose of the patent system—"to promote the progress of * * * useful arts"—to reward with the patent the person who first makes available to the public the technological innovation in question.

Now, it may be thought that the bill, if enacted, would deprive inventors of the opportunity to develop their ideas more fully or test their commercial potentialities, before making patent applications. Under existing law, an inventor has a grace period of a year for public use, and he may conduct experimentation under secret or confidential conditions. The new law would not affect the latter type of experimentation, but it would make the former type a bar against the inventor's securing a patent. It has been suggested that inventors should

be allowed some personal "grace period" such as 3 months or 6 months. The bill adopts the administratively simpler solution of doing away with the grace period. And as you know, an amendment to the bill has now been proposed which relates to this, an amendment which I will discuss in somewhat more detail later. Another suggestion is that an inventor who claims priority over the person first to file should be able to assert such priority as a personal defense. In other words, he would not be entitled to a patent on this basis, but would in effect obtain a "shop right" to practice the invention. This, too, has been proposed in the form of an amendment. Both suggestions may merit consideration by the committee, although in our view they appear on balance to be undesirable; I will come back to them later.

In not granting rights of this kind the bill does not, however, leave inventors unable to protect themselves during the period of time in which they perfect their inventions. The bill provides for preliminary applications, which inventors may use to secure a filing date for all the features of their invention which they disclose in it; later, they can file a conventional, complete application and secure a patent, after they have completed their marketing or technological studies. It is to be hoped that the Patent Office, if this bill passes, will develop short forms for inventors to use in filing preliminary applications, so that inventors will be able to secure the benefits of an early filing date without undue inconvenience. The Patent Office has indicated to us that they believe they can develop such procedures. We believe these measures will protect the interests of small inventors, who are particularly disadvantaged by the burdens and costs of the present interference system.

I now turn to a second major recommendation, on "prior art." Closely related to the first-to-file system is the Commission's recommendation, again part of the first one of its recommendations, that prior art shall comprise any information known to the public, or disclosed to the public, prior to the filing date of the application. Under present law, it is possible for an applicant to avoid the impact of prior art by filing an affidavit "swearing back" of the prior art. That is, the applicant asserts that he made the invention before the publication or public use that preceded his filing. It is believed that this procedure is highly conducive to the commission of fraud on the Patent Office. The problem is very similar to that involved in the fraudulent settlement of patent interferences, which the Supreme Court recently dealt with the Singer—in the *Singer Manufacturing Company* case, an antitrust prosecution brought by the Department of Justice. Moreover, the present system involves time-consuming consideration of affidavits, requires applicants to maintain extensive records to corroborate their affidavits, and generally creates uncertainty both in the Patent Office and among patent applicants as to their position.

The second major feature of the bill is the institution of a system that will make it possible for members of the public (1) to draw prior art to the attention of the Patent Office, in order to prevent the issuance of a patent which should not be issued, or (2) to secure the revocation of an already issued patent that never should have been granted. To the first end, section 136 permits any person to notify the Patent Office about patents or publications having a bearing on the patent-

ability of pending, published applications. The same section permits any person to notify the Patent Office if the invention claimed in the application was actually in public use or on sale before the effective filing date of the application, or that the inventor claimed to have made the invention did not really originate it. This procedure should go a long way to assist the Patent Office in sifting out applications for patents which would not meet the constitutional standard.

Section 257 permits any person, or any Federal agency, to petition the Patent Office to institute an administrative proceeding to revoke an invalid patent—provided action is taken within 3 years from the date of issuance of the patent. If the Patent Office finds that the patent should not have been allowed, then the owner of the patent is given an opportunity to present his position. The patent can then be modified by the Patent Office to the extent appropriate. I strongly support this portion of the bill, which implements recommendation No. 15 of the President's Commission. Under present law, there is no way for the Patent Office administratively to cancel any part of a patent once it is issued, even where the claim appears to be clearly invalid in the light of subsequently discovered evidence of prior art. Under present law, only the courts may do this. As the President's Commission pointed out, the result of this is that the patent owner may often continue to assert his claims because no one is willing or able to extend the resources necessary to obtain a court decision.

This section of the bill also contains a provision to prevent vexatious harassment of a patentee. Any person who persuades the Patent Office to institute a revocation proceeding against a patentee may be compelled to pay costs to the patentee, up to \$1,000, if it turns out that the claim made against the patent was unfair and improper. Thus, section 257(d) provides that "in appropriate cases" the Office may require a petitioner to pay to the patent owner the reasonable cost of defending the claim, up to \$1,000. On the other hand, the section is so worded to prevent costs from being assessed against a bona fide, even though wrong, charge of invalidity.

Chapter 13 of the patent reform bill, sections 141 through 148, contains housekeeping changes and also implements recommendations of the President's Commission in respect to the judicial review of Patent Office decisions. One of the principal changes here is the addition of a new section, section 148, which attaches a presumption of correctness to decisions of the Patent Office. The Court of Appeals for the District of Columbia and the CCPA have differed in their standard of review. We believe the standard in section 148 of the proposed bill is the proper one, for it contributes to one of the chief objectives of this bill—improving the quality and reliability of U.S. patents.

A closely related provision of the bill is section 137, which requires applicants for patents to bear the burden of persuading the Patent Office that a patent should issue. This is the rule followed in the Court of Appeals for the District of Columbia. The Court of Customs and Patent Appeals follows a contrary rule. It is appropriate, it seems to us, to resolve this question, and improve the quality of patents by prescribing the proper test in the code. We believe section 137 incorporates the proper test, and accordingly strongly support this provision of the bill.

Another related matter is covered in section 147 of the bill. The section implements recommendation No. 14 of the President's Commission, that decisions of the Court of Customs and Patent Appeals be made reviewable in the Court of Appeals in the District of Columbia Circuit. As the Commission points out, an applicant may presently seek review of a Patent Office decision by two alternative routes. He may appeal either to the Court of Customs and Patent Appeals on the record made before the Patent Office, or else he may bring a new action in the U.S. District Court for the District of Columbia, where he may present new evidence. The decision of the district court may be appealed to the U.S. Court of Appeals for the District of Columbia. The decision of that court, like that of the Court of Customs and Patent Appeals, may be taken further only to the Supreme Court, by petition for writ of certiorari.

When the court of appeals and the CCPA render conflicting decisions, as frequently happens, then the Patent Office must choose which of the two decisions to follow, for the sake of uniformity within the Office. Usually the Office will be under pressure to adopt the rule most favorable to the applicant, since the applicant is the one who chooses which court he will go to, in seeking review of the Patent Office's adverse decision.

Although the Supreme Court may eventually settle conflicts between the two tribunals, the heavy press of certiorari petitions involving a multitude of other important issues necessarily results in a reluctance of that Court to take up many patent issues as soon as they arise. Thus, it seems quite appropriate to eliminate conflicts by providing a place for review short of the Supreme Court.

I turn now to another major change in the bill, designed to bring about a greater degree of uniformity in law, namely the provision for an estoppel in section 294. The estoppel provision implements recommendation No. 23 of the Presidential Commission, that a final Federal determination declaring a patent claim invalid should apply to subsequent litigation. Under present law, the patentee may relitigate the validity of his patent in every circuit in the United States. It has happened, often, that after patents are held invalid in one case, the patentee continues to sue alleged infringers in other jurisdictions. The uncertainty which this creates for business is a serious obstacle to enterprise and innovation.

Section 294 provides that in any action in a Federal court in which the issue of validity or scope of a patent is involved, the court's decision adverse to the patentee becomes effective in any subsequent action, so long as procedural notice requirements were complied with which gave the patentee a fair chance to present his position. We agree with the Presidential Commission in the view that a patentee, having been afforded the opportunity to litigate his case once, has had his day in court. He should not be allowed to harass others in other circuits on the basis of an invalid claim. By the same token, there is no reason to permit crowded court dockets to be cluttered with costly and unnecessary litigation of this type. It should be noted that section 294 makes the judgment an estoppel in any subsequent Federal action and it would also be an estoppel in any pending Federal proceeding, where the judge in the latter case determines that this is appropriate. This provi-

sion was added to prevent a patentee from negating the effect of the estoppel principle by racing to file a flood of actions prior to the entry of a final judgment in a case where it appeared that the patentee would lose.

Along the line of technical changes, I think it would be appropriate to point out that subsection 5(f) of the bill, which refers to the effective date of the Patent Reform Act of 1967, should be clarified in a minor particular. As it presently reads, it is said that the act does not affect any existing rights or liabilities. It should be made clear that the act does not affect any existing "substantive" rights or liabilities, although it does affect certain procedural rights or liabilities. Thus, it was the intention of the draftsmen that the estoppel provision should become effective immediately, and not have to wait for 17 or 20 years before it became fully effective. In order to make it clear that the estoppel provision, or other procedural provisions, are to be applicable to preexisting patents, it should be made explicit that the rights or liabilities referred to in subsection (f) are only "substantive" rights, and I would suggest that the word "substantive" be inserted before the word "rights."

Subsection 3 of the bill seeks to create "civil commissioners" for patent cases. The Department of Justice suggests that the committee may wish to study whether it is appropriate to single out patent cases for this type of provision. It may be preferable to deal with the matter of civil commissioners for patent cases at the same time that civil commissioners for all other types of cases is dealt with by Congress. We understand that the Judiciary Committee of the Senate will be considering legislation of general applicability to all civil cases. I believe that the Judicial Conference has also been considering this matter for some time. The committee may wish to refer this question to the Judicial Conference for its views on the subject.

To sum up our position, the Department of Justice supports this legislation. Let me refer again to the most important points. We believe that the first-to-file system and the new definition of prior art, coupled with the new preliminary application procedure, will help to eliminate the backlog of the Patent Office, shorten the time it takes to obtain a patent, and adequately protect the interests of inventors. Moreover, the new prior art citation period and revocation proceeding should help upgrade the quality and reliability of issued patents. We believe the judicial review measures offer a practicable solution to a problem plaguing the Patent Office at this time. We strongly support, finally, the new estoppel provision, which will put an end to a troublesome and unnecessary type of litigation, that has unfairly harassed businessmen and unnecessarily burdened the courts.

Finally, I would like to comment on some alternative versions which have been proposed for the Patent Reform Act of 1967. I will take up, first, several amendments which have been proposed for the administration bill. Then I will take up S. 1691, a completely alternative version.

PERSONAL GRACE PERIOD

Amendment No. 182 proposes the creation of a personal grace period, by amending section 105. This provision would make public disclosure by (or derived from) the inventor no bar against patentability for a

6-month period. It would also make public use or sale of the invention by (or on behalf of) the inventor no bar for 6 months.

The Department does not oppose this provision, but we have grave doubts as to its desirability. The protection to the inventor afforded by the grace period is considerably inferior to the protection he would gain by filing a preliminary application. In the first place, the inventor who relies on the personal grace period may lose his foreign rights, since many foreign systems do not allow such a grace period. In the second place, the inventor is likely to get into a dispute with other persons who publish or use the invention during the 6-month period; in these circumstances it will become necessary, either in the Patent Office itself or in the course of infringement litigation, to make a determination of whether such use by others was actually derived from the inventor.

Thus, it appears that providing a personal grace period might well tempt those inventors who are insufficiently advised by counsel into reliance on relatively slender protection when the inventors could protect themselves fully by use of a preliminary application. It may be that the Congress will consider the advantages of the personal grace period to outweigh the disadvantages, but on balance, it appears to me, as of now, that the amendment would do more harm than good.

Senator BURDICK. Mr. Chairman, what kind of proceedings would be used to challenge a patent as being in use longer than 6 months? What kind of proceedings would we have?

Mr. TURNER. This would be in—what would happen is he would make his application and then the question would come up as to whether there had been public use for a period of longer than 6 months. It might be, I think, Senator, an *ex parte* determination in the Patent Office. Section 136 of the proposed act authorizes the Commissioner to prescribe regulations for *ex parte* or *inter partes* hearings, in such cases, as would be appropriate.

Senator BURDICK. And it would be a fact question again?

Mr. TURNER. That is right.

Senator BURDICK. Subject to appeal and everything else?

Mr. TURNER. That is right, except that section 136(e) makes Patent Office refusals to reject a claim not directly reviewable. The review would be only in an infringement suit, in an indirect fashion, if the infringer raised the issue.

PATENT MISUSE

Amendment No. 183 is based on recommendation No. 22 of the Patent Commission. The Department of Justice is strongly opposed to including any such provision in a patent bill. The amendment has two subsections, which I will take up in turn.

The first part of the amendment would create a new section 263(a) of the Patent Code, permitting patentees to license any part of the field of use to which the subject matter of the claims of a patent are applicable. The effect of this provision is quite unclear. If subsection (a) is intended merely to declare that field-of-use licensing is not illegal *per se*, in any and all circumstances, then the legislation is wholly unnecessary, because that is the present state of law. It would appear, however, that the purpose of subsection (a) is more broad—that it might well be construed to legitimate the use of any field-of-use restric-

tion whatever. We consider that the proposal as so interpreted would be highly objectionable, because field-of-use restrictions in some contexts have a severe and unjustifiably adverse effect on competition.

Proposed section 263(b) would permit patentees to impose such licensing conditions as would, in the words of the proposal, secure to the patentee the full benefit of the invention and patent grant. This language is clearly based on the opinion of the Supreme Court in *United States v. General Electric Company*, 272 U.S. 476 (1926). In that decision, the Supreme Court held it lawful for a patentee to fix the price that his licensees could charge buyers for the patented article that they manufactured. Ever since the decision, the Department has been trying to get the Court to overrule it, and we have secured considerable narrowing of the holding. In recent years, the Court has twice split 4 to 4 on the issue of whether to overrule *General Electric*. In the more recent case, *United States v. Huck Manufacturing Co.*, a procedural error in the lower court hampered the Government's position. We have reason to believe that when the question is properly presented to the Supreme Court, the Court will completely overrule the *General Electric* doctrine.

Moreover, the sweep of the *General Electric* language is so broad that it is meaningless as a guide for action. Any restriction imposed by a patentee, unless the patentee is irrational, is imposed for the purpose of making more money. Taken literally, the language of proposed section 263(b) would make lawful tie-in sales and virtually every other form of misuse or abuse of patents that the courts have condemned in the past. I assume, of course, that the courts would not take this language literally. But the statute, then, is at best an invitation for a protracted course of litigation to test its interpretation.

For the reasons I have given, we are strongly opposed to this amendment.

IMPORTATION

Amendment No. 184 would delete from section 271(b) of the proposed bill the proviso that patent protection for the process not be available in the foreign country; that is, the proposal would outlaw any importation into the United States of a product made abroad by a process patented in the United States, whether or not the patentee could have secured process patent protection abroad. We strongly oppose this amendment.

Section 271(b) of the administration bill, as it now stands, represents a compromise. As I indicated a few weeks ago in my testimony on this bill before the House subcommittee, there was no showing of compelling need for a broad importation provision. Moreover, a broad importation provision would appear to pose a serious threat to small importers, or indeed all importers, who would be faced with the costly task of determining whether the products they imported were made in the foreign country by one process or another, the facts being unavailable in the United States. In these circumstances, the limitation of the importation provision to those cases where foreign countries have no law allowing process patent protection appears to be a reasonable compromise. Without the limitation of this proviso, the proposed legislation would assume much broader scope and pose, in our view, a far more serious threat to the public interest.

PRIOR RIGHTS

Amendment No. 185 would create third party rights for those who lose the race of diligence in filing their patent applications. It would permit any person who used the invention prior to the effective filing date to continue his use, generally, or only to the extent and under such conditions as a court may deem equitable for the protection of previous investments.

We are opposed to such a provision. The provision would appear to frustrate the policy of the proposed Patent Reform Act to encourage prompt disclosure and penalize secret users, who attempt to retain a monopoly by secrecy rather than by the statutory route. Indeed, one of the principal purposes of the grant of a patent monopoly has always been to encourage prompt disclosure of inventions. For these reasons, I suggest that the creation of this third party right for prior users is inconsistent with the general purpose of this legislation.

AMENDMENT NO. 186

I will not comment on amendment No. 186, since I believe it to be a matter more appropriately commented on by the Patent Office.

S. 1691

Finally, I wish to comment briefly on S. 1691, which has been proposed as a complete alternative to the administration bill. This bill would enact only a few of the many important recommendations of the President's Commission on the Patent System. It also includes several recommendations of the Commission which we have expressly rejected, for reasons which I have already given in my testimony. Finally, S. 1691 introduces a few new proposals not contained in the Commission's report, and to which—at least some of them—we are opposed. I will comment only on a few principal provisions of S. 1691.

This bill would preserve the interference proceeding, substantially as it exists in the present Patent Code. For the reasons I have given in my testimony, we oppose such a proposal.

S. 1691 did not follow the Presidential Commission's recommendation that decisions of the CCPA be made reviewable in the U.S. Court of Appeals for the District of Columbia. Instead, the bill would abolish the existing trial de novo route of review in the District of Columbia courts. Although the bill is unclear on the point, it appears that it would convert the CCPA into a trial court, perhaps akin to the Court of Claims. I have already indicated in my testimony why I consider the proposal of the administration bill to be preferable. I would simply add the observation, however, that this proposal would further divorce the trial of patent cases from the trial of other types of lawsuit, and that such separation and specialization seems, on balance, a step in the wrong direction.

For the foregoing reasons, the Department of Justice is opposed to the various alternatives proposed to the administration bill. As we have indicated, we think that the administration bill, as it now stands, incorporates the more desirable approach in all major particulars.

Thank you, Mr. Chairman.

Senator McCLELLAN. Thank you, sir.

Any questions, Senator?

Senator BURDICK. Yes. In discussing amendment No. 183, you refer to this field of use restriction.

Mr. TURNER. Yes, sir.

Senator BURDICK. Could you give an example of field of use restriction?

Mr. TURNER. Yes. I may have a patent on a manufacturing process which can be utilized for the production of a variety of types of goods. I may license a particular manufacturer to use that process for the production of only one of those kinds of goods. For example, a patented glass bottlemaking process. You could say I will license you to produce only bottles of a pint or less, but you cannot use it for the production of bottles of a larger size. This is just an example.

Senator BURDICK. Well, how would this amendment affect it?

Mr. TURNER. I beg your pardon?

Senator BURDICK. How would amendment 183 affect that?

Mr. TURNER. As I indicated, we do not know for sure. What we are afraid of is that the passage of the amendment would say that a patentee can do this and can fragment his fields in all circumstances. We feel very strongly that this would be an inappropriate result, that there are situations in which the patentee should not be allowed to utilize field of use restrictions.

They have been used in the past on many occasions as a device for setting up a series of monopolies within the industry for eliminating competition. A patentee licenses two or three of his competitors; they just divide up the field. Such a division of the field eliminates the incentive on the part of the competitors to invent around the patent, to develop new innovations.

Let me just give you an example of the kind of considerations that have been going on in this area. I mentioned this also in my testimony before the House committee.

There has recently been published a very long, very scholarly article on the patent license restrictions generally—it appeared in the Yale Law Journal—in which the author suggests that a patentee should never be allowed to give an exclusive field of use to somebody else; that he ought to be permitted to protect his own manufacturing—that is to say, he can say to somebody, you can use the patent on any use except the one that I am using it for—but that he cannot confer on that licensee a submonopoly, that if he does give him a limited field of use, he must stand ready to give that same license to any qualified applicant.

Now, I do not want to pass judgment on whether that is an appropriate solution or not. I merely cite it as evidence of the proposition that there are very good reasons for not giving patentees an absolutely unqualified right to use field of use restrictions in all circumstances.

We are afraid that his proposed amendment might well do that.

Senator BURDICK. Thank you.

Senator McCLELLAN. Thank you very much, Mr. Turner.

Mr. Arnold?

STATEMENT OF TOM ARNOLD, STATE BAR OF TEXAS

Mr. ARNOLD. My name is Tom Arnold. I am in the private practice of patent law in Houston, Tex. I appear before you on behalf of the State Bar of Texas.

I consider it my role here to contribute what I can to value judgments about patent law. In that context, I would point out that Judge Rifkind's repetitive language yesterday was "Let me summarize the advantages of this proposal, or that proposal." Not once did he mention a disadvantage of any one of his proposals. Not once did he suggest that we weigh the disadvantages in the context of the advantages.

Senator McCLELLAN. Mr. Arnold, if I may interrupt you, I see before me here quite a lengthy statement you have prepared. Do you want to insert that in the record?

Mr. ARNOLD. Mr. Chairman, I would like very much to have that inserted in the record. I have abandoned it in the light of yesterday's testimony almost completely, about 80 percent. I will be very brief in terms of the subject matter that is in that report and my remarks today will be largely in response to other testimony that I have heard.

Senator McCLELLAN. Do you want it? I do not know.

Mr. ARNOLD. I do wish it printed in the record.

Senator McCLELLAN. It will be printed in the record at the conclusion of your remarks.

You may proceed.

Mr. ARNOLD. Thank you very much, sir.

Continuing this not very briefly, Dr. Holloman focused exclusively yesterday on the need for reform. Not once did he mention the cost of the reforms which he proposes. He did not mention the cost in loss of equity to small investors, or more particularly, to small business. He did not mention the cost in lost legal rights. He did not mention the monetary cost increase of several of his proposals. Most important, he did not mention the cost in loss of incentive to the commitment of capital to research and development.

Senator McCLELLAN. May I inquire, do you represent generally small inventors or individual inventors, or do you represent large corporate entities?

Mr. ARNOLD. My office, Mr. Chairman, and I personally represent the spectrum. We have represented people from the largest corporations to the smallest inventor. Certainly I think——

Senator McCLELLAN. You have clients at all levels?

Mr. ARNOLD. We have clients at all levels; a significant number of private inventors, but certainly it would be fair to say that the bulk of our dollar charges go to small business and to medium size businesses, perhaps only 20 percent to really big business and 10 percent to independent inventors.

The State Bar of Texas feels strongly the burden to be constructive, to propose change where improvement may be effected, to propose retention of those ideas of long ago that are still the best idea today.

I note that my car has the same number of wheels that the covered wagon had in 1836. This is not because car designers are reactionary or resistant to change. It is because four wheels was a good idea then and it is a good idea now. So, too, are the basic features of title 35 of

the United States Code which is our present patent law. Basically those ideas were good in the time of the covered wagon, when four wheels were a good idea, and in basic principle they are also sound now, just as four wheels are a sound idea now.

The bar groups of which I have been a member believe, however, in improvement. Present title 35, our present patent law, is bar drafted in totality and it is only 15 years ago. It represented a then thorough restudy of the patent law. But since then, the patent bar and in the particular instance that I now refer to, the American Patent Law Association, drafted S. 3007 of the 88th Congress, which Senator McClellan introduced at bar request in the 88th Congress, to solve a part of the problem of defensive patent applications.

The State Bar of Texas still believes in S. 3007, 88th Congress, as a better constructive effort in its area, than S.1042.

The bar has sponsored bills in the last two Congresses on appeals from the Patent Office. The bar has drafted and sponsored in several different Congresses a more appropriate protection for industrial designs than the patent law now affords in certain instances. The State Bar of Texas still believes in that.

The bar drafted and supports S. 54 introduced by Senator McClellan in this current Congress and related to unfair competition at the periphery where the patent law does not quite reach.

The bar has proposed and drafted and introduced this week bills by Representatives Bush and Casey, relating to patents. This bill is not in detail my personal preference, but it is consistent with the views of the State Bar of Texas, and it is in direct conflict with S.1042. I therefore commend to you, consideration of those two bills by Congressman Bush and Casey.

The President's Commission's report and S. 1042 have agreed with previously established bar positions in 10 or 12 issues, like measuring the terms of the patent for a term of 20 years from the date of filing an application. The State Bar of Texas has approved this provision in the past. Since these points of agreement with the President's Commission are recited in my written paper which is on file, I will not spend any more time on the topics of agreement, except this one, which is very important.

Commissioner Brenner has gotten tremendous good work out of the Patent Office, probably more good work per dollar than any Commissioner before him. But he needs help in the form of money for a large data retrieval program, for better facilities for his examiners, and for more examiners.

The data retrieval problem has "exploded" in recent years. The term is not too large; it has exploded. Only big success with a big electronic data retrieval program can solve it. That costs money.

Let me get back to the value judgments, however, where the State Bar of Texas disagrees with the President's Commission or with S. 1042, and the background for your construction of the judgments by the bar.

It is significant to note that clients of U.S. lawyers file many foreign patent applications and try foreign patent infringement suits, that U.S. lawyers often do this work and visit foreign patent offices and courts. The U.S. lawyers not only observe and study, they work in

both the U.S. and foreign patent systems to a very major degree. This teaches several thoughts.

First, patent systems work differently and in many ways better in large economic units like the United States than in small ones like Holland and Denmark. I allude in my written statement to the difference between United States and English premises that makes some of England's lessons not applicable to our practice, and the difference between United States and Dutch premises that makes some Dutch lessons not applicable to the United States.

Also, the patent offices of the world can save much by appropriate cooperation of their tasks. This, of course, they should do. But first to file is not important to such cooperation. The deputy director of BIRPI itself has acknowledged that first to file is not important to this cooperation. And one-worldism in patents is not nearly so important as that the United States have a strong incentive for the commitment of private capital to research, technical development, and market development.

Senator McCLELLAN. Do I understand that you oppose the first-to-file provision?

Mr. ARNOLD. Violently.

The U.S. industry is far outrunning its European counterpart in all areas of technology, particularly in the private sector, so much so as to be shocking to whole nations. Time magazine wrote a whole essay on the technology gap in its January 13 issue of this year, indicating the nature and the severity of the lag of other countries behind our country.

Some of the European countries, France and Italy in particular, have over the years tolerated weaknesses in their patent systems with a resultant low investment in R. & D.

I will take time to point only to one dramatic example, pharmaceuticals. Italy's patent protection of its drugs is *de minimis*. This non-protection rule was adopted in Italy under the guise, or erroneous thought, of public welfare. But the result is that Italian drug companies commit almost no money to research and development and have produced essentially no new drugs during a period of time when the U.S. companies, with the world's largest R. & D. budgets, have brought forth many improvements in the sulfa drugs, the penicillins, the tetracyclines, and hundreds of other wonder drugs and vaccines, in addition to those brought forth by public grant.

Senator BURDICK. In other words, to keep this in context here, what do you say about the testimony given here yesterday on the first-to-file issue, that in all cases, the first to file would have had the patent anyway. It would only be a question of a fraction of 1 percent of the patentees who would not be first to file anyway.

Mr. ARNOLD. I am going to devote myself to that in extension in a few minutes, but I would like to lay a couple of predicates if I may, sir.

Senator BURDICK. You may.

Mr. ARNOLD. The point of my present comment is that the U.S. system in the past and now has proven to be the best as measured by the public benefit of the citizens.

In my written paper on file are 40 specific statements of principle and a brief commentary on each, including the first to file. But I will

depart from that to treat in summary several topics which cut across several of those lines.

My first topic is the features of S. 1042 which decrease the return of capital investment in research and development versus features which increase return of capital investment in research and development. I mention this first because all of us in patent law revision efforts of the past few years have been reacting to proposals for reform in procedural detail and have lost sight of the real purpose of the system, which is to promote progress of the useful arts.

All of our judgment should be rooted in this constitutional purpose.

Let us consider briefly some of the features of this S. 1042 which are anticapital return features in that they tend to reduce return on capital investment in research and development.

First, it commonly happens that an invention is made on the commercial assembly line, as by the foreman of a line, seeing a problem and setting about to solve it. He tinkers with it this day and that day and the next day, conceiving his invention, going to the shop and working with it. He installs it on the assembly line and that invention is already in commercial use at the moment of its making. It is patentable under present title 35. The first to file system of S. 1042 denies any patent on that invention or any other inventions of that class.

Admittedly, most inventions are not so made. But hundreds, at least, are made every year. The administration and the President's Commission have not determined how many such patents there are, nor what their value would be as a loss item, in return on research and development.

Should we deny those patents as an aid to administrative expediency, or is it socially desirable to construct the patent system so as to award patents on those inventions and give a return on the capital that is invested in them? This is one place where the first to file system of S. 1042 works badly, in that it takes away incentive to invest in research and development.

Visualize the second example. An invention relating to the manufacture of watches is made in a Swiss hamlet and used there commercially. It is not published or patented. It is kept known to only a dozen workers there. Or perhaps this occurs in China or Russia or Latvia. Under present U.S. law we grant patents to the U.S. inventor who independently invents here and gives the public the benefit of that invention here.

Under S. 1042, the first-to-file system, we will deny the patent on that invention and all like it.

The present law, title 35, draws a line by a weighted value judgment. It is to this effect: If the foreign-made invention does not reach the state of being a printed publication, either in the foreign country or in this country; if it does not reach the stage of being patented in either the foreign country or this country; and if it does not reach the stage of being imported into this country and either used in this country or sold in this country—if it does not reach the notoriety of any one of those acts, present title 35 views that foreign invention as not available to the U.S. citizen for practical purposes and grants a patent to the U.S. inventor.

How many such patents are there that title 35 allows, and that S. 1042's first to file system denies? No one has a good guess. What is their significance to the profit return on capital investment in R. & D.? No proponent of S. 1042 has shown any interest in this topic whatsoever. The focus seems to be on a cure for an alleged disease without any attention to whether the cure may be worse than the disease. In this instance, I cannot even find the disease.

Skipping some examples, let us try two more.

Under title 35, a long-term development is awarded a patent in spite of any intentional or accidental offer for sale or publication, a day or a week or a month before the attorney works through his backlog in his office and gets the application for patent actually on file.

The Patent Office is running a $2\frac{1}{2}$ year backlog; we attorneys run a 2- to 6-month backlog normally. S. 1042 denies all patents, offered for sale or publicly used while the application matures through the attorney's office, no matter how important the development and no matter how long term the development. I do not know how many such patents there will be that will be lost by S. 1042's first-to-file system that are granted under title 35, but experience under the foreign first to file law makes it clear that there will be many lost patents. You see, many patent lawyers are already experienced with the first to file concept. We practice under it every day, in connection with our client's foreign patents.

A fifth example. Applicants have in the past enjoyed what is known as the "rule of doubt" about which Judge Rifkind testified, that if the examiner could not find close enough prior art to be sure there was no nonobvious invention, he should resolve a doubt in favor of granting the patent, of course preserving to the possible infringer the later right to bring in good prior art and to argue for invalidity of a patent in the court.

This further point of understanding the rule of doubt is very critical: If the examiner could not find a reference which showed the invention literally, and if the examiner could not find a reference which was so close to the invention as to render him certain that the invention would be obvious to a man of skill in the art, if he could not find either one of those references, the granting of a patent was granting of a patent on something that the public did not have, did not then enjoy. There was no taking away from the public by the granting of a patent under this circumstance, because if the public was already enjoying it, the examiner had a perfect anticipatory reference.

Now, thinking in the context that patents are good things, basically, for research and development and market development, thinking in the context that profitable return on R. & D. investment and the protection of new companies during new-market development, in the context that these are good for society, this rule of doubt favoring patents seems like a good thing. It granted the good thing, the patent, in a doubtful case without taking anything away from the public was then using and while still affording a full measure of protection for the accused infringer, who still had his opportunity to argue his case in court.

S. 1042 would deny all those patents that were granted under that rule, even though under Supreme Court authority, quite properly,

the evidence which will resolve the doubt frequently does not come into existence until after the examiner's ruling has been made final.

S. 1042 would deny the doubtful patents even though the evidence that the applicant could bring in to resolve the doubt, does not come into existence until after the examiner's ruling has been made final.

How many patents will be affected by this change in the law? What is its effect on the profitable return on R. & D. investment that is made by this change? I do not know.

There are many more anti-capital-return features in S. 1042. S. 1042 also has a couple of features aiding in return of private investment in R. & D. But the administration in drafting S. 1042 watered those features down to markedly less than recommended by the President's Commission, as Mr. Naysen has testified and Mr. Turner also has testified.

But what is the value of all these things, together the value judgment on balance? Among the changes in S. 1042 there are some 15-odd more anti-capital-return features than there are pro-capital-return features. The effect of most of them on both sides we can reasonably estimate as being modest to moderate. But as to all of them taken together: nobody, certainly not the administration or the President's Commission on the patent system, has undertaken any evaluating job, any value accounting, to determine the dollar significance of those changes in S. 1042 on return in research and development capital.

I think it not unreasonable to speculate that as many as 10 or 20 percent of all patents valid under title 35 could be invalid under S. 1042.

That is a rank speculative guess, but at least is from one who has made an effort to make a guess.

S. 1042 in net result is at least a serious threat to the return on R. & D. and market development investment and that is the name of the game that brings us here—return on R. & D. and market development investment.

The result of S. 1042 would be loss—or might well be loss of our technological lead in the world on an insidiously gradual basis in which we do not recognize that S. 1042 has cost us. Likely we would then increase our dependency on government R. & D. when we should be trying to decrease it.

If I could find a way, I would increase rather than decrease the return on private investment.

How much pie the inventor is to get, is a social decision to be made by Congress. Likewise, how big a slice of the pie to those who finance inventions. But let the Congress not crowd the line so close as to risk loss of the admitted value of the system as an incentive to research capital.

My second topic relates to the first objective recited by the President's Commission and by the administrative witnesses, namely, to raise the quality and reliability of patents.

This is a noble objective, and, of course, we all favor it. Let us first make reference to the item that was focused on, provide better examiner facilities, provide better data retrieval. This is an important step in that direction. But laying that one important issue aside, the proposals of the President's Commission are extremely expensive in money,

extremely expensive in lost legal rights, as well as extremely complex, and in net effect upon this monster of a problem, these other proposals are merely drops of water cast into the ocean, producing no notable improvement.

The Commission proposes two steps of solicitation by the Patent Office of citation by the public of prior art against the application for patent. The first is before allowance of the patent. The second is during the first 3 years after allowance of the patent. Those without an interest will not cite prior references. They will be reading comic books and novels rather than reading what patents are issuing if they have no interest. They will not cite references. Only potential infringers will conceivably have any motivation to incur the trouble and expense of even knowing what patents are about to issue, much less citing references. But the potential infringer will not cite prior art either, except on the rarest occasion.

It is a long story, explained in my written paper already filed so I will not go into it here. But suffice to say that every lawyer who fights patent infringement suits in the courthouse knows this to be true: The S. 1042 proposal to solicit *ex parte* citations to the Patent Office will be little used, in 2, 3, 4 percent of all the patent applications, and, therefore, it will not materially affect patent quality because it will be so little used, even by potential infringers.

The potential infringer has incentive not to cite—the potential infringer does—and there is no realistic incentive to cite prior art. But as elsewhere developed the S. 1042 proposal is expensive in requiring publication before the patent issues and a delay for public readership and citation of art before the patent issues and more citation afterward.

Why not issue the patent as promptly as the examiner's search and study will permit and permit *ex parte* citation of art after the patent issues? Do it only once instead of twice, and thereby avoid one publication and the expense of that publication, thereby avoid one reading of this by the public and the expense of that; thereby avoid 6 months delay in issuing the patent.

The President's Commission is so much for promptness of patent issue, but they build in a new 6-month delay that affects every patent.

The underlying idea of public citation of art is not evil and it is not opposed. But it will be so little used that it should be adopted only if its expense in money and its expense in harassment to the small inventor and small business and delay of patent issues can be kept at a *de minimis* level, which S. 1042, with its double-dip approach, definitely does not do.

My third topic is another objective recited in the report of the President's Commission and by administration witnesses, to reduce the time and expense of obtaining and protecting a patent. Obviously, again, this is clearly a noble objective. But S. 1042 does not succeed on balance of its more-expense and more-time proposal by comparison with the less-expense and less-time proposals. The view of a considerable majority of the patent bar is that S. 1042, on balance, will increase rather than decrease the cost to patent applicants and owners. This burden, interestingly, will fall more onerously upon the middle-sized business and the small business than upon the large business, in

my judgment, although admittedly this is something that you can debate either way.

Further, it will increase the related patent cost to society as a whole and, as indicated, will delay the issuance of all patents 6 months beyond necessity. Thus, this objective to reduce time and expense cannot properly be used in support of S. 1042; not because the objective is not good, but because S. 1042 just does not accomplish it.

This judgment concerning cost of patents under S. 1042 should be questioned because it is not unanimous and it is based upon speculative judgment on various factors. But at least it is speculation by the bar—by those who, in number, are closest to the problem. For me personally, I assure you that in my practice I will charge more total money for relatively less protection under S. 1042 than under title 35.

It would take days adequately to explore all significant pro and con features of cost in time and money of S. 1042 versus title 35. But let us attempt a quick stab at just a few of the expense items in which we also have another interest for our discussion. I therefore take up interference.

Interferences, which affect less than 1 percent of all applications, are proposed to be eliminated by the first-to-file system, both because they are expensive and because they affect so very few patents—less than 1 percent. Has anybody considered, however, the effect which confidence in interference practice has on other things like prompt development, marketing, and publication, of the 99 percent of the patents that do not get involved in interferences?

Interferences are bona fide lawsuits, involving, on occasion, a million dollar property right, a contest between two or more people claiming to have invented the same thing.

We are told by S. 1042 that the first to file should win the potentially million dollar property right. This means that as a long-term program of development progress, month by month, the inventor must file daily on each item of new thought that occurs to him lest he lose the benefit of his date on that item of thought.

Most of the preliminary thoughts turn out, when he gets through with his long-term development, to be trash. He has found better ways of doing it this step or that. The first thought was wrong in the first place. But he does not know at the time of conception of each, item by item, which of these concepts are good and which will turn out to be bad. So S. 1042 gives him a choice: Do not file until you finish your work and risk loss of the entire investment to a possible later inventor or miscellaneous publication in Russia or Timbuktu; or the alternative, since we are looking at this potentially million dollar right, file a notebook in the Patent Office on a daily basis that is as complete as the records Dr. Holloman suggested the inventor should not have to keep at all.

As a matter of fact, if he is going to get the full benefit out of this, he has to file more complete records in the Patent Office than he normally keeps in his laboratory.

To my clients that I advise, I say, "Keep a sketchy notebook, make a short entry every week, get it witnessed every week. When you make an important conception, sketch it out fully in the notebook, develop something that you can use as a tool of corroboration." It is simple; it

is brief; it is short; and it takes relatively few minutes. But it is very important to keep it, not just for patent purposes. It is important to keep it as a control on the production of the researchman. If he has to report to somebody else's witness what he has done during the week, he works instead of spending his time at the coffee bar. That record has to be kept anyway.

But the preliminary application has to be a great deal more complete document than the kind that my clients normally keep if it is to serve the equivalent purpose. And it must include at least everything that is now normally kept by industry and that S. 1042 is argued to eliminate.

This choice is forced upon even the inventor under S. 1042, on all his inventions, just to avoid the 1-percent interference problem. He must make this choice of filing every notebook entry, plus more, in the Patent Office or risking loss of his million dollar value.

The British practice teaches us, in part, how that choice will be made. More often, it will be made by risking the loss of the right than it will be made by filing every idea in the Patent Office. But let us look at the difference between the British practice and ours.

The economic unit of Britain is very small by comparison with ours. A 5-percent return on a car door latch or photocopy patent in Britain is worth peanuts by comparison with a 5-percent return on the same patent in the United States, simply because there are more cars in the United States and there are more Xerox machines in the United States.

So in Britain, the risk of loss is this size [indicating small] if the inventor does not file all these preliminary applications, whereas, in the United States the risk of loss is this size, 20, 30, 40, 50 times larger if they do not file all these preliminary applications.

Thus it is reasonable to expect that the flood of paper into the U.S. Patent Office will be 3, 4, 5, 8, 10 times more—I do not know how much. More in this country than it is in Britain, where they have the preliminary application system.

Incidentally, I quarrel with the story that interferences are such horrendous technical cases. They are technical and they are large cases, but I have handled several and the stories are exaggerated. They are cheaper than most big litigations, cheaper than patent infringement suits, than antitrust suits, quicker. No, they are not cheaper than uncontested divorce, but they are in bounds.

I earlier said the State Bar of Texas is in favor of constructive proposals. What is constructive in my suggestions concerning interference practice? First, title 35 is strongly preferred to S. 1042.

Second, try this. I feel strongly about this as being a complete cure for the interference headache, without having to cut off the head. Under this alternative, first award the patent to the first to file without delay for interference. That will be final in 98 or 99 percent of the cases. But permit the second to file to swear that his invention was made before the senior party's filing date if he can. If he so swears, issue his patent promptly to him, but with the claims that do not patentably distinguish the senior's party's case only conditionally allowed. Then, if he wants to, if he thinks this invention is the million dollar value where it is worth his while to fight the issue, permit the

second man to file to precipitate the "interference" lawsuit out of which he asserts his right because he was the first inventor. If he wins the right to the patent, then the first to file—if he can do so—may reissue his patent to distinguish the subject matter to the second to file.

By this procedure, we issue the patent without delay to the senior party's patent and get publication out of it promptly. We do this without delay. And that ends the issue in 99 percent of the cases.

Fear of loss of a million-dollar value does not force the awkward choice upon the inventor that he either has to risk his loss or file all this paper in the Patent Office on a day-by-day, week-by-week basis.

This procedure is a good procedure that accomplishes the cure of the headache without cutting off the head.

By this procedure, coupled with preservation of the grace period, with S. 1042 also expurgates by radical, unneeded surgery, we can preserve to the inventor the five graces recited on page 21 of my written paper which follows.

I will not take time to repeat them now. But to eliminate the grace period and interferences and thereby to eliminate all of those five graces is a step forward only when the person stepping has already turned around and faced the rear, where he sees all of those 70 nations who lag behind the United States in technical development.

But my theme, for the moment, is supposed to be cost and that the idea is to do it once and do it right.

Item: S. 1042 provides for preliminary applications which are supposed to be done quickly and done wrong, followed later by complete applications. Preliminary applications are full of booby traps, one of which Mr. Birkenstock referred to. He suggested a cure which unfortunately has its own booby trap.

I agree with him, the problem he suggested is critical. The point I make here is that S. 1042 suggestion of: Do it twice and do it wrong the first time.

Are there any other places where S. 1042 does this same thing? Yes: S. 1042 provides for public citation of prior art after the allowance of the application during a period in which all of the applicants will be withheld from issue, and no pertinent prior art will be filed in more than 2 percent of the cases. Then it provides for further public citation of prior art after the patent issues. Why not do it once instead of twice and save time and money?

S. 1042 provides for publication of all applications about 24 months after filing, without any editing or screening for any of the trash.

If we issue and publish interfering patent applications as we have proposed, and take care of a couple of other little details, we can get publication after final allowance within 24 months. We are doing it right now within 30 months. But S. 1042 proposes that we do it first and do it wrong; that is, we publish first with no editing, no elimination of trash. We publish everything, and we make everybody read it and we make everybody index or classify it and make libraries store it. We do it once and do it wrong; we then do it a second time.

S. 1042 proposes that we publish again in some abbreviated or abstract form, but we do publish again under S. 1042 after allowance of the patent. This publication of already published material is of course trash in our paper explosion. It adds no new technology. If the trash

is to serve a purpose, it must be printed, mailed, stored, not only in the Patent Office but in every library throughout the country, in my office, every corporation office. College level people must read it, they must classify it for retrieval. This trash is a horribly expensive thing, purely apart from the printing. Instead of four publications, one without any editing of the material, why not do it once and do it right?

I submit that the material can be edited by patent examiners' doing their job right as they do under 35 and proper publication within 24 months after the filing of the application.

Here, lest I mislead, I must say that the bar associations I know of are not opposed to the concept of public citation of art, which is involved in what I have discussed. We are discussing the problems of expense relative to that, as provided in S. 1042.

There are many others which I must pass over. The point is that S. 1042 increases rather than decreases the total patent system expense rather than decreasing it as its proponents infer.

The third objective, to speed the public disclosure of scientific and technological information. Again, the objective is laudable. We approve, but the S. 1042 proposal does not reasonably support the objective. That is developed in my written paper, so I will pass over that here.

The concept of deferred examination is subtle in its mischief and little understood by the technical community. It is known only in Holland and therefore is not even known well by a large part of the bar, because Holland is a little country where not everybody practices. I will file in a week or so a supplemental paper on deferred examination per se, which I will ask be included as addendum to my written paper following these remarks, and I would hope the committee will consider it. The State bar of Texas is violently opposed to deferred examination in any form.

Skipping the other miscellaneous points that other speakers have referred to, I will mention finally in response to yesterday's inquiry, that it was Galileo who sponsored the first patent statute known to me in, I believe, about 1472. As I recall it, off the cuff, and interestingly, in language that is almost an exact paraphrase of our present constitutional language.

You have honored me by permitting me to be here, the State bar of Texas and I appreciate it. I certainly volunteer to the committee as many, many hours as might be found by you to be of convenience to you in any further consideration of the bill.

I thank you very much.

(Mr. Arnold's statement in full follows:)

STATEMENT BY TOM ARNOLD CONCERNING S. 1042, 90TH CONGRESS

My name is Tom Arnold. I reside in Houston, Texas, where I am a partner in a private law firm whose practice is restricted to patent and related areas of law.

My office is Arnold, Roylance, Kruger & Durkee, 2220 Tennessee Building, Houston, Texas.

I appear before you on behalf of the State Bar of Texas, whose position is one favoring certain patent law revision, but strongly disapproving S. 1042 as presently drafted.

The State Bar of Texas joins the President's Commission on the Patent System in this: Patents are good. Good not just for the inventor. Good for the public. Good for the economy of the nation.

The point of proper focus is not the patent, but a patent system, by which people have faith in a return on their investment of time and money in research and development, when it is conducted by ordinary men of skill in the art.

The patent not only rewards the inventor; it protects his investor's commitment of capital to the new company being built around the invention, and without which protection the small new company must often succumb to the marketing prowess of the giants.

It does not take anything from the public enjoyment, for it is granted only as to things the public is not enjoying, and which are not obvious to those of skill in the art who know all the art. It is granted only for new things.

As background for construction of the judgments of the bar, it is significant to note that clients of United States lawyers, file many foreign patent applications, try foreign patent infringement suits, and United States lawyers often visit foreign patent offices. They not only observe, but work in both the United States and foreign patent systems.

This teaches several thoughts: Patent systems work differently and in many ways better, in large economic units like the United States, than small ones like Denmark. The Patent Offices of the world can save much, by appropriate cooperation of their tasks.

But one-worldism in patents is not nearly so important as that the United States have a strong incentive for the commitment of private capital to research, technical development, and market development by which innovation is rendered available to the public.

United States industry is far outrunning its European counterpart in all areas of new technology. So much so as to be shocking to whole nations. See, for example, Time's essay on "The Technology Gap", Time, January 13, 1967, explaining the nature and severity of U.S. technology's lead over Europe.

Some of the European countries, France and Italy in particular, have over the years tolerated weaknesses in their patent systems with a resultant low investment in R & D.

One dramatic example is in pharmaceuticals. Italy's patent protection of drugs is *de minimis*, this rule of no patent protection on drugs being adopted in Italy under the guise of public welfare. But the result is that Italian drug companies commit almost no money to R & D and have produced essentially no new drugs during the period that U.S. companies, with the world's highest R & D budgets, have produced many improvements in the sulfas, the penicillins, the tetracyclines, and hundreds of other wonder drugs and vaccines—these in addition to those discovered under public-funds grant.

In my lifetime of patent law work, including trying law suits for inventors and for accused infringers, including working experience with the United States system and with foreign systems, convinces me of this:

The United States system is and has been the best system in the world since 1836, and by a very important amount when measured by the public benefit.

Insofar as patent law revision issues surrounding S. 1042 and the report of the President's Commission are concerned, the State Bar of Texas has used the outline of the report of the President's Commission in arriving at a statement of some forty-odd principles, and a brief explanation in support of each of those principles. These principles, and supporting commentary, are attached to this paper and in truth constitute the heart of the views I wish to present to you; but they are too numerous for me to treat orally.

I should like, therefore, to edit and summarize those forty-odd discussions, by taking up selected topics which cut across lines and groups of those principles.

TOPIC ONE : R. & D. INVESTMENT

My first topic concerns features of S. 1042 which decrease return of capital investment in Research and Development, vs features which increase return of capital investment in research and development.

I mention this first, because almost all of us in patent law revision efforts of the last few years, have been reacting to proposals for reform in procedural detail, and have lost sight of the real purpose of the system: To promote progress of the useful arts.

All our judgments should be rooted in this constitutional purpose.

The President's Commission and the Administration join in championing our patent system, because of its contribution to market development as well as technical development.

Yet (leaving out for present argument the monetary cost of patents and patent suits), their proposals take away from the patent owner in some half of the instances, do not materially affect his economic reward in many instances, grant additional economic rights in only a couple of instances.

Let's consider briefly some of the features of S. 1042 which are anti-capital-return features, in that they tend to reduce the return on investment in R & D.

(1) It commonly happens that an invention is made on a commercial assembly line, as by the foreman of the line seeing a problem and setting about to solve it, conceiving his invention and installing it. That invention is in commercial use at the moment of its making. It is patentable under present title 35 of USC. The first-to-file system of S. 1042 denies him any patent on that invention.

Admittedly, most inventions are not so made. But hundreds at least, if not thousands, are so made every year. The administration and President's Commission have not determined how many there are.

Should we deny those patents in aid of administrative expediency; or is it socially desirable to construe the patent system so as to award patents on those inventions, and give a return on the capital invested in them?

(2) Visualize another example: An invention relating to the manufacture of watches is made in a Swiss hamlet, and is used there commercially. It is not published or patented but is kept known to only a dozen workers there. Or perhaps in China, Russia or Latvia.

Under present United States law, we grant patents to the United States inventor who independently invents here and gives the public the benefit of that invention; under S. 1042 we will deny that patent and all like it.

Under present law we draw a line by a value judgment: If the foreign-made invention does not reach the stage of a printed publication either there or in this country; and if it does reach the stage of a patent either there or in this country; and if it does not reach the stage of being imported into and used or sold in this country—if it does not reach the notoriety of any of those acts, present Title 35 United States Code views it as not available in the United States for practical purposes, and grants a patent to a U.S. inventor.

How many such patents are there? No one has a good guess. What is their dollar significance to the profit return on R & D investment? No proponent of S. 1042 has yet shown in their testimony any interest in the topic whatsoever. The focus seems to be on a cure for a disease, without attention to whether the cure may be worse than the disease.

(3) Another example. Under Title 35 USC, inventors commonly protect a long-term development by filing a first application, a continuation-in-part application adding new matter recently discovered, and thence a further continuation-in-part application when still further new matter is discovered. S. 1042 restricts this practice severely in not one but two ways, indulging what I call "overkill" of the disease and at great expense.

What is the dollar significance of that restriction on return on R & D investment? I can only make a guess out of experience in patent law. It is small, but quite significant and important.

(4) A fourth example: Under Title 35 a long term development is awarded a patent, in spite of any offer for sale or publication, a day or a week or a month before the attorney works through his backlog and gets the application for patent actually filed. S. 1042 denies all those patent no matter how important or long term the development.

I don't know how many such patent there will be, but experience under foreign first-to-file law makes it clear there will be many many lost patents.

(5) And a fifth example. Applicants have in the past enjoyed what is known as the rule of doubt: That if the examiner could not find close enough prior art to be sure there was no nonobvious invention, he should resolve the doubt in favor of granting the patent—of course preserving to the possible infringer the later right to bring in good prior art and argue for invalidity of the patent before the courts.

Thinking in context that patents are good things; thinking in context that profitable return on R & D investment is a good thing for society, this rule of doubt favoring patents seemed like a good thing. It granted the good thing—the patent—in the doubtful cases, while still affording a reasonable measure of protection against error, for the benefit of any accused infringer.

S. 1042 will deny those patents, even though the doubt is resolvable under Supreme Court authority only by evidence which often does not come into existence until after the examiner's ruling has become final.

How many patents will be so affected? What is the effect upon profitable return of R & D investment that results from this change?

S. 1042 has also a couple of features aiding return on private investment in R & D, but the Administration in drafting S. 1042 watered those features down to markedly less than recommended by the President's Commission.

What is the balance?

In S. 1042 there are some fifteen more anti-capital-return features than pro-capital-return features.

The effect of most of them on both sides, we can expect to be modest to moderate. But all of them together? Nobody, certainly not either the Administration or the President's Commission on the Patent System, has undertaken any value-engineering job on the net economic result of these features of S. 1042.

Their attitude seems impliedly to be that since the Patent System has served us well in the past, it is strong enough to carry any number of additional small burdens and still serve us equally well; so we do not need to look at whether our proposed changes will affect the progress of the useful arts. I disagree with that.

The largest single influence on the President's Commission was that of our Department of Commerce's Dr. Holloman and Commissioner of Patents Brenner and their staffs; and this is also the largest single influence in the drafting of S. 1042.

Dr. Holloman and Commissioner Brenner quite properly and understandably have their attention focused importantly upon Patent Office administrative details. I commend them for it, and would find them derelict if they did not bring forth a major focus in the area of their direct responsibility.

I comment to the Congress however, the thought that Congress must recognize this over-focus, and must aggressively pursue looks at broader topics.

The most fundamental of which is *a guarantee of a liberal return on R & D investment, thereby to progress the useful arts.*

We don't have the kind of records either in the Patent Law office, or elsewhere to my knowledge, that enable us to draw reliable statistics on these points. I can estimate, quite roughly but against the experience of our office and practice, that something on the order of 10% or 20% of the proper patent applications our office filed in 1966 under present title 35, USC, would be invalid or improper filings under S. 1042.

Return on R & D is vague and sometimes indirect and hard to define. But suppose S. 1042 tipped the scales just enough, that six per cent of the gross return was lost out of the nation's R & D investment.

The R & D investment vs return on it, is nearly always at a point of critical balance except in the most successful R & D operations.

To lose on average, six per cent of the return of R & D money, which seems to me quite likely under S. 1042, is to risk business being forced to cut its R & D investment by 50%. All the present R & D operations that are presently marginal in their return on investment, would become losing operations. Some would be kept operating out of other motivation but some would be closed in totality, owing to the simple fact of lack of funds. Those that now make six to ten per cent, would be making less on average than a savings account at the corner loan association, and some of them would be closed or cut back.

The result of this phenomena would be loss of our technological lead in the world, *on an insidiously gradual basis in which we do not recognize what S. 1042 cost us.* And likely we would increase our dependency upon government R & D when we should be trying to decrease that dependency.

How much pie the inventor is to get, is a social decision to be made by the Congress. But let the Congress not crowd the line so close, as to risk loss of the admitted value of the system of incentive to development capital.

Because R & D is a high risk investment at best, those who carry responsibility for making modest R & D programs carry their own weight, are quite sensitive to any reduction in return on private R & D dollars, lest private R & D capital investment gradually dissipate away.

If I could find an equitable way, I would increase rather than decrease the return on private capital invested in R & D.

TOPIC TWO: "TO RAISE THE QUALITY OF PATENTS" IS LARGELY FICTION IN S. 1042; AND THE SMALL GAIN IS OBTAINED AT HIGH COST

My second topic relates to the first objective recited by the President's Commission and by the Administration witnesses before the House Committee, namely: To raise the quality and reliability of patents.

This is a noble objective. We all favor it.

But the proposals of the President's Commission are extremely expensive in money and legal rights, as well as complex. And in net effect upon this monster of a problem these proposals are merely drops of water in the ocean, producing no noticeable improvement in result.

The Commission proposes two steps of solicitation by the Patent Office of citation by the public of prior art against an application for patent. The first is before allowance of the patent, and the second is during the first three years after allowance.

Those without an interest will not cite prior art references. Why should they take the time and incur the expense. Only potential infringers will conceivably have any motivation to incur the trouble and expense of even knowing what patents might be issuing. But the potential infringer will not often cite prior art either. Here's why:

Prior art not found by the examiner is rarely, repeat rarely, and that means not even a little bit often, of absolute total anticipatory form. It is almost always subject to argument as to its real meaning and as to the importance, with respect to non-obviousness, of the difference between the prior art reference and the patent application.

Therefore, when a company is arguably an infringer of a patent pending in or recently issued by the Patent Office, it wants the privilege of arguing and explaining the meaning and effect of the prior art it desires to assert.

Accordingly, the public-with-an-interest, the potential infringer, will not cite the prior art to the Patent Office, because there the applicant is privileged to argue around the reference without this company being given a chance to rebut the argument.

If the art is saved and asserted in Court in an infringement action, the company has a chance to get full mileage out of the teaching of the prior art reference.

This is not an argument for permitting potential infringers to argue prior art to the Patent Office. If foreign practice has taught us anything, it is that oppositions of this nature are evil things and neither the President's Commission nor S. 1042 suggests an idea carrying with it such hideous results.

Rather, this is an argument for the merit of present practice to this extent: The public's art, which the examiner cannot with *liberal searching budget* find, is *best* presented (as under present Title 35 U.S.C.) in court in the infringement suits and in the conference room during license or suit settlement negotiations.

And the S. 1042 proposal to solicit *ex parte* citations to the Patent Office will not materially affect average patent quality because it will be so very little used.

But as elsewhere developed, the proposal is expensive in requiring publication before the patent issues, and a delay for public readership and citation of art before the patent issues.

Why not issue the patent as promptly as the examiner's search and study will permit, and permit *ex parte* citation of art after the patent issues—do it only once instead of twice and thereby avoid one publication and one reading by the public and avoid 6 months delay in patent issuance.

The underlying idea of public citation of art is not evil; but it will be so little used that it should be adopted only if the expense of it in money, and more important, in harassment of the small inventor and in delay of patent issuance, can be kept *de minimis*—which the S. 1042 double-dip approach does not do.

To increase the quality of patents, the only significant thing to do is to improve the examiner's search—which the President's Commission recommended.

This costs money¹ for a liberal Patent Office research and development effort in electronic data retrieval.

This costs money¹ in better facilities and salaries for more examiners, thereby to attract and keep better examiners.

This costs money;¹ but it is the only way that is likely to have a really important effect. It is essential, as the President's Commission states and S. 1042 impliedly contemplates.

All the rest of S. 1042's proposals to this end are by comparison of *de minimis*, microscopic, practical effect. And all the cost of administering the other proposals, ought really be put into that effort, for that is the one from which real-size results can be obtained.

¹ However, the amount of money it costs is on the order of .01% of the nation's private-capital research and development expenditures. Let us not let this diminutive tail wag the dog.

TOPIC THREE: TO REDUCE TIME AND EXPENSE

My third topic is another objective recited in the report of the President's Commission and by the Administration witnesses, namely: To reduce the time and expense of obtaining and protecting a patent.

Obviously again, this is clearly a noble objective. But does S. 1042 succeed on balance of its more-expense and more-time proposals by comparison with its other proposals?

The view of a considerable majority of the patent bar is that S.1042, on balance, will increase rather than decrease the cost to patent applicants and owners. Further it will increase the patent-related cost to society.

Thus, this objective cannot properly be used in support of S. 1042.

This judgment of the bar should be questioned, because it is not unanimous and it is based on a lot of speculation. But at least it is speculation by those who in number are closest to the problem.

For me, personally, I assure you that in my practice I will charge more total money, for relatively less protection, under S. 1042 than under present Title 35 USC.

It would take days adequately to explore all the significant pro-and-con features of cost in time and money of S. 1042 vs. Title 35. Let's attempt a quick stab at it:

Interferences, which affect less than two percent of all applications, are proposed to be eliminated both because they are expensive and because they affect so few patents, and with little if any regard to the effect which confidence in interference practice has on other things like prompt marketing and publication.

Interferences are bona fide law suits involving on occasion a million dollar property right, a contest between two or more people who claim to have invented the same thing. We are told by S. 1042 that the first to file should win the potentially million-dollar property right.

Is this not like saying that the first to file a claim in case of an automobile accident, should win his claim just because he is first to file? Not quite like, but closer than S. 1042 admits.

Why not award the patent to the first to file, in the first instance? That will be the final action in 98% of the cases. But why not permit the second to file his application, if he can swear his invention was made earlier than the first-to-file's filing date, to have his patent also, with conditional claims therein as to the subject matter not patentably distinguishing the first-to-file's disclosure? Then permit the second-to-file to press an interference if he desires, and get his claims allowed if he wins the interference; if he wins, then the first-to-file may reissue his patent to distinguish the subject matter awarded to the second to file.

By this procedure we issue the patent promptly and without delay to the senior party—and that ends the issue 98% of the time. But we also permit the junior party to assert his right in those few instances where he thinks the issue is worth fighting over. By this procedure each party tries to win his own claims in the language he drafts, instead of trying to take away claims the other party drafted; thereby the time and expense of the motion period of interferences is cut to 10% of present practice.

By this procedure, we retain the essential merit, the equity, of permitting litigants to assert their rights, without delaying issuance of patents, and without expense to anybody other than a litigant who has enough at stake to justify the law suit.

The headache of interferences is cured, without the radical surgery of cutting off the head, as proposed in S. 1042.

I have not heard any administration official or President's Commission member attack this proposal as unreasonable, though I have communicated to the Office of Legislative Planning of the Patent Office and to some members of the President's Commission.

Let me here digress for a moment.

All of the basic philosophies which I am discussing here under my topics, Two, Three and Four, Five and Six concern principles considered and acted upon now by the American Bar Association's Patent Section, by the American Patent Law Association, and by the Houston Patent Law Association, as well as the State Bar of Texas. Likely by others as well which I do not know of.

And in basic principle, all of these associations concur in most of what I am relating.

On this point of interference practice, the detail of implementing the principle by which the first to file gets his patent, and the second man keeps his right to fight for his patent, is different as proposed by the ABA and again different as proposed by the Houston Patent Law Association in a bill introduced by Congressman Bush and Casey just this week.

I muchly like the proposal I've just related. But its difference from other bar proposals is in detail, not principle.

By this procedure coupled with a preservation of the "grace period" which S. 1042 also expurgates by radical unneeded surgery, we can preserve to the inventor the five graces:

(1) Grace to make a physical embodiment of his invention, before he must rush himself and his attorney to the Patent Office with half-baked ideas.

(2) Grace to test his invention experimentally, before he is forced to rush to the Patent Office, lest his right be lost to a foreign publication a day before his filing on his still untested idea.

(3) Grace to modify his original thought to render the first erroneous thought a practical one, before being forced to race to the Patent Office with multiple filings of every change in thought as it occurs over the months of development work.

(4) Grace promptly to publish invention, without regard to his patent attorney's backlog.

(5) Grace to try out his invention commercially to arrive at a preferred embodiment—provided he gets to the Patent Office within a year.

Requiring an inventor to file his application within a year of first reduction to practice, or publication, instead of within a year of first public use or publication, might be beneficial in some few instances.

But preservation of those five graces, for a limited period, is equitable, reasonable and fair.

To eliminate the grace period and interferences and thereby to eliminate those five graces, *is a step forward, only when the person stepping has already turned around and faced the rear and all those who lag behind him in technical development.*

The value of these graces to society, to inventors, their attorneys and the Patent Office, far outweighs the cost of granting the equity they represent.

But my theme at the moment is supposed to be cost, and that it is best to "Do it once, and do it right."

Item: S. 1042 provides for preliminary applications prior to invention evaluation, development, thought. Thereafter S. 1042 calls for complete applications and sometimes, litigation over whether they are supported by the preliminary half-baked expressions. Our foreign filing deadlines for complete applications run from the filing date of the half-baked thought. The time for development of the parameters of the invention, the critical pressures, times, temperatures, mixes, substitute ingredients, runs from the half-baked thought.

So here S. 1042 suggests a do-it-twice, and do it wrong (at the least the first time), approach. Does S. 1042 repeat that error any place else? Yes.

Item: S. 1042 provides for a public citation of prior art after allowance of the application during a period in which ALL 100 percent of patents are withheld from issue—and this though no pertinent controlling art is expected to be filed in 95 percent of the cases. Then S. 1042 provides for a further public citation of art for three years after issue. Why hold up the allowance of all 100 percent of patents, for public citation of art *prior* to issue, if we are also going to permit public citation of art *after* issue? Why not do it once, instead of twice.

Item: Then S. 1042 provides for publication of all applications about 18 to 24 months after filing, without any editing or screening whatsoever.

If we issue and publish interfering patent applications as above proposed, and issue applications on appeal to the courts with the appealed claims conditionally appearing therein, we can get publication AFTER ALLOWANCE averaging about 24 months on present workload and Patent Office budget.

But S. 1042 proposes to do it first, and do it wrong with no editing-out of the trash filings, without any important gain in publication time.

Then S. 1042 suggests we publish again, in some abbreviated or abstract form presumably, but still publish again, after allowance and before issue of the patent. This second publication of already published material is trash in the context of our paper explosion. I.e. it adds no new technology to publish arts.

Then S. 1042 calls for another full publication (and presumably another abstracted publication in the O.G.) upon issuance of the patent, creating more trash for the paper explosion.

If the trash is to serve a purpose its merit must justify the cost of printing, of mailing, of storing and of college-level people both reading it and classifying it for retrieval.

Instead of four publications, one without any editing of the material, why not "Do it once, and do it right."

I submit that the material can be edited by patent examiners' examining for merit, and then publishing only allowed patents and O.G. abstracts thereof, for less money than the total cost to society of repetitive publication—particularly when you add the cost to society of college-level people who must read all the trash publications to get their "notice" value from them.

Item: S. 1042 provides for Civil Commissioners in patent cases, running directly contrary to the views of the Judicial Conference which recommends a single judge for all facets of long and protracted cases such as patent cases. Who must pay the cost of the Civil Commissioner who sits in on endless days of depositions, and examination of documents, when he is really needed only now and again? Why not use the money for more judges so we can get the now-and-again discovery motions heard promptly by judges who will try our cases?

It is noteworthy that in his testimony to the House Committee, even the Commissioner of Patents only "hoped" that Civil Commissioners as in S. 1042 would be helpful on balance. As against so thin a recommendation, let us prefer the view of the Judicial Conference.

The cost savings of S. 1042 are only in eliminating priority contests such as interferences—which contests are expensive but affect only two per cent or so of all patents.

But the expenses in money (and in delay of patent issuance while awaiting public citation of prior art), affect ALL patents and society through the burden S. 1042 gives to study all competitor's unedited trash publications.

The net change by S. 1042 over present Title 35, is toward higher costs.

Here, lest I mislead, I must say that the bar associations I spoke of, are not opposed to citation of art to the Patent Office—certainly not on the merits of the principle. The point I here make is cost, in totality, being greater under S. 1042 than present Title 35, and a need for elimination of repetitive publications of little value.

And as a cure for defensive application problems, the State Bar of Texas, the American Patent Law Association, and others, favor S. 3007 88th Congress which Senator McClellan introduced at bar request. And we favor it in spite of the fact that it begets a little publication of what may be argued as trash publication under my development here.

TOPIC FOUR: SPEED IN PUBLIC DISCLOSURE

The third objective expounded by the President's Commission Report and the administration witnesses, is "To speed the public disclosure of scientific and technological information."

As to publication of technology, the theme of S. 1042 is focused erroneously narrowly. It presumes that the only important publication channels and only publication motivations, are patents per se. This is false. And S. 1042 errs in forcing patent publication at the expense of all else in the functioning of society under present Title 35 USC.

Just last week I was talking to a Ph. D., a research man at the University of Texas Department of Chemical Engineering. In the academic world, I was informed, the publication prior to patent application, while more work is being done in development with aid of participation of students and other Ph. D.'s and candidates therefor, is the everyday common rule, not the exception.

There is reliance upon this fact: Title 35 gives them a year in which to file their patent applications, and they find benefit in using it following their publications.

Their publications in technical and academic journals reach the readership important for future developments, much more so than patents per se, and more promptly than S. 1042 provides.

For the sake of this argument, let us leave out miscellaneous gadgetry of no significance and inventions that never merit any market acceptance—let us set

those unimportant inventions aside. Then let us ask what percentage of the significant inventions are used publicly or published in one form or another, before of within a few weeks of the filing of applications for patent, i.e., long prior to S. 1042's requirements of publication 18 to 24 months after filing.

Again here we don't have any reliable facts. Each the President's Commission and the Administration have relied on assumptions. Permit me to do the same, and rely on assumptions based on the experience of our office. I suggest that something on the order of 80% or 90% of the significant inventions are now published or in use in public, under present Title 35, earlier than the patent publication date of S. 1042; i.e., slow publication is not a significant problem now. And more prompt patent issuance under Title 35, would and could equal S. 1042's planned publication schedule of patents.

Further, as to many of those that are not so published, S. 1042 produces a reverse effect, an incentive to keep the invention secret. For example, an invention is not uncommonly made in the commercial use environment of an oil well installation or the factory production line, where at its very conception it is already in public use. S. 1042 cannot speed the publication of such invention; it only denies all patent protection of them and incites the inventor to keep them as secret as possible, as his only means of limited protection.

S. 1042 must put the patent lawyer in the publication-clearing-house business. We must instruct our clients, "Don't publish and don't use until you first get a clearance from me that I've got the application on file and a receipt from the Patent Office. Don't move until I say you can, and for ——— sake don't deposit your Ph. D dissertation in the University library or offer to sell even the experimental specimen of your new invention, until the invention clears the six month backlog in the patent lawyer's office."

By erroneous over-focus on the *patent* publication, the open-communication feature of the present system is lost or in significant part destroyed by S. 1042.

By permitting applications for patent within a year of first publication, offer for sale, or public use, you encourage an early first publication and offer for sale and public use, and you avoid loss of all those patents which by slip-up would be barred by the rule of S. 1042.

As aforesaid, if we issue interfering patents promptly with conditional claims in the junior party's patent, and issue applications on appeal with conditional expression the claims on appeal, we can average now under Title 35, publication within about 24 months of filing, after allowance and proper editing-out of the trash.

In this context, is it bad to indulge the equity to the inventor, of letting him know pretty well what his patent protection will be, before he is forced to publish, i.e., to give him his quid of protection before we take from him his quo of publication? In this context, clearly we can afford this equity to him.

And we can save a lot of money in publication expense, mailing expense, classification expense, reading expense, etc., at the same time, by publishing once and publishing right—after examination and allowance normally of at least the nonquestionable claims.

TOPIC FIVE: DEFERRED EXAMINATION

The concept of deferred examination is subtle in its mischief, and little understood in the technical community, and also among certain bar groups whose experience is limited.

I will file in a week or so, a separate paper treating of deferred examination more completely. I hope it will be published in the Congressional Record as an addenda to these present remarks, and will be considered by each of the Committee.

Suffice here to hit a few points briefly.

We now have, on average of all patents, a two and a half year deferred examination system, the 2½ years deference being involuntarily forced upon us by virtue of the Patent Office backlog. It seems strange indeed, to propose as a cure for the evils of 2½ years of involuntary deferred examination, an additional voluntary five or so years of the same mischief.

What are those mischiefs? They are all of the mischiefs of the French registration system, and of the registration system tried out for over 40 years in the United States and rejected by the Patent Act of 1836. For deferred examination is, in all practical effect, a registration system for 35 or 40% of the net

life of the patent, depending upon how long the examining backlog is after the 5 years of deference. And it is during this first 35 or 40% of patent life, that most of the licensing and litigation occurs.

The United States bar is acquainted with the registration system of France, and universally condemns it. As do almost all industrial nations.

Patents are at best noses of putty. Patent applications are entire bodies of putty, able to be twisted in their scope and coverage in often-times extreme degree—at least until there has been restriction by the examiner and quitclaiming by applicant's having reframed his claims in the light of prior art references.

The President's Commission and S. 1042's drafters and the Commissioner of Patents, are so concerned about changing patent scope, that they have condemned broadened reissues of patents, even though reissue procedure is protected by the rule of "intervening rights"—that a person who prior to the reissue makes an invention may continue to use it without liability to the broadened scope of the patent.

But under deferred examination, under this system of registration-for-40%-of-the-patent-life, all the evils of broadened reissues are rigidly built in for 7 or 8 years of the patent's life—much longer than under Title 35 and without the protection of "intervening rights."

S. 1042 gives to the Secretary of Commerce, a man who has no patent experience, the right to determine whether to initiate deferred examination "if the Secretary determines it to be in the public interest" and without any hearings, public testimony, or the like. The public interest is for the Congress to determine, not the Secretary.

The Dutch experiment on deferred examination, when closely scrutinized must be translated from the Dutch economic context to ours. In Holland, 80% of applications are from foreign sources and can reasonably be expected to be examined in foreign countries in time for informed abandonment of all hopeless cases before the deferred Dutch examination occurs. Even so, the Dutch deferred examining load appears to be reduced only a minor amount, and other original mischief has set in upon the Dutch Patent Office. In the U.S. nearly 80% of the applications are U.S. applications, and less than 2 or 3% of them can reasonably be expected to be examined in a foreign country before time for deferred examination here.

Deferred examination forces all kinds of weak spots into the patent system, without any real promise of any net advantage in exchange.

The State Bar of Texas, feels strongly that there should be no deferred examination, standby or otherwise.

TOPIC SIX: THE PRESIDENT'S COMMISSION HAS PROPOSED MANY VALUABLE IMPROVEMENTS

I have used my time, so harshly limited for so many many subjects, to argue those areas of disagreement with the President's Commission and/or S. 1042. But let it be also understood that the State Bar of Texas (and the other bar groups agreeing with it) are not against every innovation or against everything the President's Commission has recommended.

The bar initiated S. 3007 88th Congress, which we still favor as an improvement in patent law. The bar initiated a bill for the protection of ornamental designs that has been in each of the last several Congresses. The bar initiated the presently pending S. 1154 introduced by Senators McClellan and Scott, relating to unfair competition at the border and fringe of each the patent and trademark law.

The State Bar of Texas strongly endorses many proposals of the President's Commission.

I speak particularly to Recommendation XXII by the President's Commission, which for some unsatisfactory reason is not in S. 1042.

The boundary between patent rights to exclude others, and anti-trust law forbidding monopolies, is a muddy, sticky boundary visited upon the patentee who seeks reasonably to settle law suits by licensing, to supply the public demand by licensing in a manner that does not put the patentee out of business, etc.

Some courts have gone off to absurd extremes of anti-patent judgment, by giving overly literal meaning to language found in anti-trust decisions.

The President's Commission in Recommendation XXII sought a toner on the issue, a balance wheel. It sought not to re-define the law in detail, but to give to patent licensing the "rule of reason" applicable in other anti-trust cases, in just those terms "reasonable under the circumstances."

The State Bar of Texas commends to the Congress, the addition of this concept to any patent law revision.

There are many other good things in the report of the President's Commission, that are incorporated in S. 1042. These are identified in the attached formal resolution of the State Bar of Texas. I shall not take time for oral discussion of them, since on them we seem in agreement with each the Commission and S. 1042.

You will in due course, hear from the American Patent Law Association, which took action on S. 1042 and its principles only last week in Boston. You will find that Association has rejected the early report of its Special Committee which was persuasive to the President's Commission, and has in most of the fundamental principles acted consistently with what I have presented—against first-to-file and against deferred examination.

The American Bar Patent Section acted last month in Washington, and it too has adopted principles in general consistent with what I have expounded, differing in minor detail of implementation.

Finally I will mention the draft patent law revision bill that had its genesis in a special committee of the American Bar Association that was appointed before the President's Commission was appointed. That bill which is still in process of further revisions in drafting, incorporates at least the essential philosophy of most of the points I have raised. Neither I nor the State Bar of Texas can give it blanket approval now, for its final form is not known to me and in some minor detail I'd like to change it.

But I commend it to you for your most thorough consideration when it is made available, as one approach at improvement in the patent system, without the mischief of abandoning interferences and going to first-to-file system so thoroughly disproven in certain foreign countries.

You will also find that the Bush and Casey patent law revision bills, which were introduced this week in the House of Representatives, are generally consistent in principle with these views I have expressed here, though different in one minor detail.

Both I, and the State Bar of Texas, are muchly appreciative of the privilege of presenting these views, and participating in the value-engineering job that must be done on all patent law proposals.

We look forward to giving your committee every aid you can request of us, by way of further study of the myriads of important features of S. 1042 and any other patent law revision effort.

RESOLUTION

Be it resolved, that the Board of Directors of the State Bar of Texas, in meeting assembled and after advance consideration of the written proposals and after oral examination of representatives of the Patent, Trademark and Copyright Section, believes and adopts as its views and the views of the State Bar of Texas, the principles as follows:

COMMISSION'S RECOMMENDATION I

"Prior art shall comprise any information, known to the public, or made available to the public by means of disclosure in tangible form or by use or placing on sale, anywhere in the world, prior to the effective filing date of the application.

"A disclosure in a U.S. patent or published complete application shall constitute prior art as of its effective (United States or foreign) filing date."

The Commission's report discusses five effects of this proposal, and we shall take them up seriatim:

(a) Issue of patents to first to file, elimination of interferences

We disapprove the Commission proposal to eliminate all interferences between multiple applicants for patents on the same invention.

In lieu thereof, we favor issuance of patents to the first applicant to file application for patent on any given invention, in the first instance, thereby getting promptly issued what usually will be the only patent on the subject invention; and we favor other improvements in interference practice. But we favor leaving to the junior applicant the burden if he so elects, and the privilege, of precipitating an interference against the already issued patent.

The reasons are many but include these thoughts:

Basic justice to applicants commands that a race of the mails or messengers or typists, be not the basis for final determination of what may be million-dollar

property rights. No demand for expediency in legal administration, should pervert the basic concepts of justice such that speed of messenger-foot or typing-hand or mail determines absolutely the property rights of inventors.

The interferences that would be fought under such a modification of the present rule of law as herein recommended, would tend significantly to be interferences where important rights are involved, justifying to the parties and to society's general concept of justice, the expense in time and money of those interference proceedings.

The Commission proposal is radical in its surgery to our historic concepts of equity, beyond any present need, and certainly is unnecessarily radical by comparison with the admitted imperfections of the proposal to issue patents to the first to file, subject thereafter to interferences precipitated by applicants.

[Patent Section voted 94% approval of this statement.]

(b) Elimination of grace period

We disapprove the Commission proposal to eliminate the entirety of the "grace period". The focus of our disapproval is particularly acute as to uses by the inventor or those deriving from him.

A publication by a party never intending to offer an invention to the public in the market, one day prior to the post office delivery of an application for patent to the Patent Office, under the Commission proposal defeats patent protection on what may have been a two or five year development as tremendous expense and personal sacrifice.

It is a step backward in justice and equity, to place such a premium on the speed of the inventor's typist or messenger to the Patent Office.

But particularly as to the inventor's own work: Many inventions can be experimented with, can be tested, only in the open, e.g., only in oil wells from which oil will be produced during the tests. The language of the Commission's proposal may not have intended, but does seem, to cut off the patent on such an invention, because of the inventor's own experimental work in the development of his invention.

Finally in these necessarily abbreviated comments, it is noted that the Commission proposal is an anti-patent proposal, in that it would defeat patents on many a clearly meritorious invention. And to the extent it precludes a patent on a meritorious invention, it is an influence toward permanent secrecy of the invention.

To the extent it is anti-patent, it is against the incentive of the patent system to produce progress of the useful arts and is against the equitable concept that an inventor should be given property rights in his brain child.

The grace period was originally developed as a concept of equitable jurisprudence, and was later adopted by Congresses who recognized its equity. It should be retained—particularly as regards the inventor's own prior uses, publications in technical journals, and the like.

It is noted, however, that the goal partially served by this provision, of eliminating the incentive of masses of government and major corporate "defensive" applications for patent, is a goal that should be pursued vigorously, but by means other than elimination of the grace period. See, e.g. S. 3007 McClellan, 88th Congress.

[The Patent Section voted 98% approval of the foregoing statement].

(c) Foreign knowledge use and sale as prior art

We disapprove the Commission proposal to make legally effective prior art out of foreign knowledge, use or sale, in the absence of publication, or of importation and public use into the United States.

We think reasonably equitable incentive to research and develop is good public policy. We submit it should be a purpose of the patent system, to reward an inventor who produces for United States citizens, an invention previously made in Russia or Upper Mongolia but which has not gained such public recognition or public availability as to have been either disclosed in a publication or imported into and publicly used in the United States. A prior foreign use which is still *effectively* secret from the United States, should not bar a United States patent.

De minimis are those instances in which prior foreign knowledge use or sale which have not also reached the state of publication or of importation into and public use in the United States, are prior art *equitably* applicable to preclude a United States patent.

It is more anomalous because of knowledge not reasonably available in this country to deny a patent from our fellow citizen who has invested his sweat and worth to bring forth an invention that has never been published anywhere nor otherwise made available to our citizens, than to draw a line at the borders of the United States and say that to be "prior art" knowledge from across that line must either reach the published form or be imported into the United States in physical form.

Again, it is noted, that the Commission proposal is, to an extent, an anti-patent proposal. To the extent it prevents rewards for research and development, it discourages the private sector of our economy from work there and relegates the economy more and more to government financed research and development.

Also, we note that one of the Commission's stated premises is flat wrong. The Commission recites that this proposal is a "step toward conformity with European patent laws." But nine European nations (not to mention Japan, South Africa, Australia, etc.) all have law on this point like the U.S. law that foreign public use is not prior art. It is the Commission's proposal, not U.S. law, that lacks conformity with the majority of advanced nations of Europe and the world.

Finally we point out that the expense of search for and proof of foreign public uses, gives a major advantage to large corporate defendants which advantage is derived from money alone.

[The Patent Section vote: 88% approval of this statement.]

(d) Revision of criteria as to form of prior art

We approve the Commission proposal that "printing" be no longer a necessity for a publication to constitute prior art, and that any information made available to the public in tangible (non-oral) form, prior to the effective date of an application, should serve as prior art.

This approval, however, is subject to these provisos inherent in other parts of this instrument: That foreign art not reduced to written-published form should not be prior art and that the grace period should be preserved, particularly with regard to acts by the inventor and those deriving from him as well as with regard to other prior art.

[The Patent Section vote: 94% approving the foregoing statement.]

(e) Effective date of reference

We favor the Commission proposal that a disclosure in a U.S. patent or published complete application shall constitute prior art as of its effective (United States or foreign) filing date, for all purposes.

[The Patent Section vote: 94% approving the foregoing principle.]

COMMISSION'S RECOMMENDATION II

The Commission's Recommendation II reads:

"A preliminary application may be used to secure a filing date for all features of an invention disclosed therein, if the disclosure subsequently appears in a complete application. Requirements as to form shall be minimal and claims need not be included.

"One or more preliminary applications may be consolidated into one complete application filed within twelve months of the earliest preliminary or foreign application relied on."

If a grace period of at least the order of the present one year is not preserved as we recommend, then we favor the above Commission Recommendation II.

If any proposal to grant patents to the first applicant to file is adopted, we favor Commission Recommendation II.

If present interference practice and grace period practice is retained, we by clear majority though not unanimously, disapprove Recommendation II as being administratively too expensive for any purpose then served by the recommendation.

However, the whole concept is burdened with several hidden booby traps. E.g., the Commission suggests that non-lawyers may file such disclosures but suggests no solution to problems of disconformity of foreign applications based thereon.

And this recommendation coupled with others, has the effect of forcing invention development and the filing of complete U.S. and foreign applications all within one year of conception—a burden we view as impractical, unreasonable and not necessary to any public purpose.

[Patent Section vote: 88% approving the foregoing statement. But of the dissenters 6% expressed a more violent disagreement with the President's Commission recommendation than the foregoing statement, i.e. expressed opposition to preliminary applications *whether or not* interferences and grace period are eliminated.]

COMMISSION'S RECOMMENDATION III

If the grace period is eliminated as elsewhere recommended by the Commission, then we favor the entirety of the Commission's Recommendation III which reads:

"Prior art shall not include, as to the inventor concerned, disclosures of an invention resulting from:

- (1) A display in an official or officially recognized international exhibition; or
- (2) An unauthorized public divulcation of information derived from the inventor:

As provided below [in the Commission Report]."

However, if the grace period is retained as herein recommended, we disapprove the second numbered sentence of the Commission Recommendation III for this reason: The grace period itself is all the protection needed with respect to art derived from the inventor.

[Patent Section vote: 96% approving this statement.]

COMMISSION RECOMMENDATION IV

"The classes of patentable subject matter shall continue as at present, except:

- (1) All provisions in the patent statute for design patents shall be deleted, and another form of protection provided.
- (2) All provisions in the patent statute for plant patents shall be deleted, and another form of protection provided.
- (3) A series of instructions which control or condition the operation of a data processing machine, generally referred to as a "program", shall not be considered patentable regardless of whether the program is claimed as: (a) an article, (b) a process described in terms of the operations performed by a machine pursuant to a program, or (c) one or more machine configurations established by a program."

(1) *Design patents*

We approve the recommendation eliminating the protection of designs by the present system of design patents, but only when the recommended alternative form of protection is a concurrent and simultaneous part of the elimination of present design protection.

[Patent Section vote: 90% approval.]

(2) *Plant patents*

While we do not deny need for further study and a need for statutory revision in the area, we disapprove the Commission recommendation of abolition of plant patents.

Rather we recommend that under the basic theory of the patent law (or perhaps the copyright law's variation on the same theme) the protection of plant patents should be extended to all biological arts, including particularly the microbiology arts so critical to pharmaceutical work and portions of which are outside present protection.

If the incentives of the patent system are, as the Commission notes, effective to obtain commitment of private capital to research in other technical arts such as chemistry, it follows that these same incentives will also be effective in application to microbiology, portions of which (bacteria for example) are now outside the area of available protection.

The Commission has apparently placed much too much focus on a single plant patent examiner's alleged failure to *examine* for obviousness. His failure to so examine is no excuse for throwing out the system, but *prima facie* it might be a ground for disciplining the examiner.

More significant, in almost all plant patent areas we find that: Mere distinctive novelty, by the unpredictable nature of biological arts is inherently its own proof of nonobviousness, fully justifying an examiner in not looking further when once he finds biologically distinctive novelty. On the other hand some few plant in-

novations are obvious to those skilled in the art, making the retention of the non-obviousness test, an important concept at least in connection with sexually reproduced plants.

We know of no evidence that the plant patent system, restricted as it is to asexually reproduced plants, has not worked in its limited area essentially as well as in other areas.

Thus, while urging further study of the area and expansion of the system to all biological arts with such refinement as may be proven desirable, we cannot approve the Commission recommendation to abolish plant patents—at least not until we see the alternative form of protection.

[Patent Section vote: 92% approval.]

(3) *Computer programs*

Concerning computer programs we feel strongly the following:

The Commission's reference to copyright protection of computer programs is misleading, for such form of protection is ineffective for reasonable commercial purposes in the context of the forms of commerce that exist in such programs.

The Commission's comment concerning development of computer programs in the past is misleading, because such development has been largely financed by the computer-hardware industry and thus has been indirectly financed by the motivation to sell largely-patented computer hardware.

But the present status of the industry is such as to command more and more, the energy, time, and money of persons engaged only in the creation of "computer software" i.e. computer programs and the incentives of the patent system should be provided to such persons.

Further, it is equitably sound to protect such persons in the work-product of their brains, as much so as to protect those who design the hardware.

We do not believe that society or its members now have enough experience with computer "software" to know positively what should be done with respect to protection thereof; but we do feel strongly that any statutory negating of patent-type protection of programs as a class, is wrong.

We strongly favor letting the law of patent protection of programs develop on a case by case basis both within the Patent Office and the courts, for at least some years to come. This is surely the most likely approach at an ultimate sound solution to this difficult problem. It does not risk a major loss resulting from an obstructive statute drawn in ignorance now common to all society, on this issue of how best to protect computer programs.

[Patent Section vote: 92% approval of this statement.]

COMMISSION RECOMMENDATION V

The Commission has recommended:

(1) Either the inventor or assignee may file and sign both the preliminary and complete applications. Any application filed by the assignee shall include a declaration of ownership at the time of filing and, prior to publication of the application, shall include a declaration of originality by the inventor and evidence of a recorded specific assignment.

(2) Every application shall include, at the time of filing, the name of each person believed to have made an inventive contribution.

(3) Omission of an inventor's name or inclusion of the name of a person not an inventor, without deceptive intent, shall not affect validity, and can be corrected at and time."

We approve this recommendation. It is consistent with previously expressed views of various bar groups.

Further in a similar vein, we submit that the statute should be amended expressly to recite that different inventorship of the subject matter of different claims of the same patent, shall not invalidate the patent or any claims thereof, the claims being otherwise properly joined in a single patent.

[Patent Section vote: 98% approval.]

RECOMMENDATION VI

The Commission Recommendation VI reads:

"Claim for a priority date must be made when a complete application is filed."

We approve the recommendation. [Patent Section vote: 92% approval].

COMMISSION RECOMMENDATION VII

The Commission Recommendation VII reads:

"Publication of a pending application shall occur eighteen to twenty-four months after its earliest effective filing date, or promptly after allowance or appeal, which ever comes first."

"An applicant, for any reason, may request earlier publication of his pending complete application.

"An application shall be 'republished' promptly after allowance or appeal subsequent to initial publication, and again upon issuance as a patent, to the extent needed to update the initially published application and give notice of its status."

Assuming for this statement, no deferred examination of applications, we favor an applicant's right to learn what protection is being allowed him by the Patent Office before forcing publication of his invention. Accordingly we disapprove the Commission's recommendation.

We note that if, as hereinabove suggested, a patent is issued as between interfering applications to the first to file, with any interference following thereafter, and if the Patent Office continues its recent level of work, essentially all applications will normally be published *after allowance* within roughly twenty-four months; the degree of non-accomplishment of this goal will be small indeed.

An unstated premise that seems to be fundamental to several Commission proposals including this one, is that delay in issuance of patents, results in delay of publication of technology and hence inhibits technological advancement. We believe this premise to be erroneous for the most part, though admittedly not totally so.

We believe that in reliance upon the right to win interferences and to file applications within a reasonable time after publication, most important scientific advancements are rushed to publication in technical journals and are delivered as papers at technical institutes, long before any patent's possible issue or publication, and often even before an application is filed.

To eliminate the protections against loss-of-patent-right-by-early-publication, contrary to Commission assumption is likely to delay publication in industrial circles while the subject matter clears the backlog in the engineering department and the patent attorney's office. It is also certain to encourage trade secrecy of processes of uncertain patentability.

Patent publication date is not nearly so important as *technology* publication date. And the present system gets most important new technology published long prior to 18 months after patent application filing dates.

We note that the Commission proposal calls for publication of all non-allowed applications for patent, and for duplicitous publication of many allowed applications for patent. The expense of this publication endeavor, plus the expense of then keeping copies of it, indexing it for use, etc., seems to us to be entirely out of proportion to the likely benefit of publication of abandoned and otherwise non-allowed applications and of duplicitous publication of allowed applications. In time of what has been referred to as a "paper explosion" a law enlarging that explosion should be enacted only if important benefits are gained thereby.

However, favoring as we do, the elimination of incentive for prosecution of so-called "defensive" patent applications, including the volume of applications filed by the government or its contractors at government request, we would favor publication at the request of applicants who elect not to prosecute their application, with interference rights to be afforded such published applications to the same extent as other applications prosecuted to allowance. See, e.g. S. 3007 McClellan, 88th Congress.

[Patent Section vote : 88% approval of the statement.]

COMMISSION RECOMMENDATION VIII

"Unless a later filed application is :

(1) A continuation application and is filed before the occurrence of any of the following events: (a) the abandonment of, (b) the allowance of all pending claims in, or (c) the filing of an appeal to the Board of Appeals as to any claim in, the original parent application ; or

(2) A continuation-in-part application and is filed before the publication of any of its parent applications ; or

(3) A divisional application filed (a) on one of the inventions indicated to be divisible in a restriction requirement and is filed during the pendency of the application in which the restriction was first required, or (b) during the pendency of the original parent application;

"The later filed application shall not be entitled to the effective filing date of a parent application for matter disclosed in the parent, and the parent, if published, shall constitute prior art against the later filed application."

We disapprove the entirety of this proposal, insofar as it departs from present practice.

The Commission does not negate the critical need for continuation practice, but would silently throw out the merit of this practice because of some abuses—would outlaw such a valuable tool as a knife because it can be used for destructive purposes.

A perhaps better cure is to make special, all applications based on any priority date more than three years old, requiring of Patent Office and applicant alike, responses within two weeks plus mail time and "hardship" time, and if an application reaches four years of age subsequent to any claimed priority date, requiring prosecution to disposition in one continuous sitting with the examiner. Such a procedure supported by adequate Patent Office staff, would take the incentive out of abuses of continuation practice while preserving the merit of such practice with only minor burden. And it requires no change in the statute; the Commissioner can himself implement the program under present law.

If Commission Recommendation XVIII is adopted, limiting patent life to twenty years from the filing date, the bulk of the mischief to which Recommendation VIII is directed is cured without destroying also the valuable merit of the present continuation-in-part practice with respect to continuously developing inventions, and other circumstances where the present practice is important to justice and equity. Thus, Recommendation VIII plus XVIII constitute "overkill" of what is only a moderate problem at most.

Most particularly, publication of parent application subject matter (if enacted) should not bar the same inventor in solicitation of protection on related subject matter arising out of continuity of his development effort and which may properly be includible in a continuation-in-part application.

Definition of intellectual type properties for the protection thereof, is at best difficult and often beyond the capacity of members of our patent bar on a first effort with many references not before them. The latitudes of present continuation practice, in this context and in the context of imperfection of Patent Examiner performance, and in the context of patent-life-limitation-to-twenty-years from filing date, are desirable and should be retained.

[Patent Section vote: 90% approval of the foregoing statement.]

COMMISSION RECOMMENDATION IX

The Commission's Recommendation IX reads:

"Standby statutory authority should be provided for optional deferred examination."

We oppose deferred examination, on the basis of all present information available.

We oppose standby authority to do something we oppose.

We have two experiments in deferred examination now progressing in Europe. It will take three more years to get a good reading upon their desirable affects upon Patent Office work load—let's not move before the experience rating is available from experiments in progress.

More important, the experience with deferred examination in Holland and Germany is not likely to be meaningful to American industry's difficulty in determining infringement issues with respect to publish applications subject to deferred examination.

It is a common experience that, four years after an application is filed—and normally issued—a company desires to build a million dollar plant. With any form of deferred examination, the company must then seek examination which may thereafter take two to four years, of several pending deferred applications owned by other parties, whose likely coverage would be infringed by the new million dollar plant.

The problem of delay in knowing the exact coverage of other person's patents, when deciding upon new products and new plants is more acute than the Patent Office backlog per se or delay in publication of technology. Any form of delayed

examination compounds this problem many fold, and forces risks of major infringements or delay through market seasons in deciding what products or plants to build.

Moreover, a delayed examination is a "hiding in the bushes" in that it is waiting to see whether somebody else uses an invention in a big way, before decision to prosecute the application. —And with benefit of the accused structure in front of him, any patent solicitor can very often revisualize his invention and re-define it to cover commercial structures which would not have been covered had the application been solicited on the inventor's concept rather than the competitor's commercial structure.

If (as the Commission argues in its Recommendation XVI) there is any merit to precluding the broadening of patents in re-issues, there is merit in preventing the broadening of applications for patent through the device of deferring examination until you see what the competitor is building. The essence of the concept of "intervening rights", an equitable theory of total uniformity of acceptance in our courts, is frustrated by deferring examination until after the competitor's product is in production.

Excepting as applied to the government and other defensive applications for patent, deferred examination is fraught with mischief in exchange for speculative and insignificant real benefit. And other cures for the defensive application situation, without appurtenant mischief, are available, one of them being elsewhere herein suggested.

We disapprove any form presenting known to us, of deferred examination.
[Patent Section vote: 90% approving the above statement.]

COMMISSION RECOMMENDATION X

"The applicant shall have the burden of persuading the Patent Office that a claim is patentable."

We disapprove this recommendation.

Patentability is an issue turning upon many factors, some of which are as a matter of mechanics and timing simply not presentable to the Patent Examiner.

For example, a patent examiner cannot himself either experiment with the invention or prior art or hear live testimony or cross-examine experts who have, thereby to gain accurate feel for the art. And at time of prosecution, an inventor often has no access to proof that other researchers tried but failed to effect the same invention. This and other such evidence for patentability being unavailable to an examiner, uncertain doubts should not justify his denying an application for patent.

Patentability is normally a gray rather than black-and-white issue; and reasonable men often differ as to important invention's patentability—and this includes examiners.

Patents, by and large, are good things for society in inciting market development (and hence availability to the public) of inventions of all sorts; and patents are equitable to those whose brainwork produced the subject matter covered thereby.

If there is doubt as to whether the novelty is a significant unobvious advancement in the art, then the public's interest in the disclosure is equally in doubt—and allowance gains publication for the public benefit rather than relegation to the scrap heap, while still affording defendants their day in court to preclude gross injustice by any error.

Accordingly, if the applicant carries the persuasion to the point the examiner considers to be a tie, 50% of the issue, it is reasonable that he be given his patent—subject of course to an infringer's right to reverse that conclusion by evidence or persuasion in court.

It is our recommendation that the Patent Office practice should be to the effect: In proceedings before the Patent Office, wherein the claimed invention differs at least somewhat from the prior art, reasonable doubt as to obviousness of the invention shall be resolved in favor of the applicant.

[Patent Section vote: 88% approval of the foregoing statement.]

COMMISSION RECOMMENDATION XI

"The Patent Office shall consider all patents or publications, the pertinency of which is explained in writing, cited against an application anytime until six months after the publication which gives notice that the application has been

allowed or appealed to the Board of Appeals. If the Patent Office, after the citation period, determines that a claim should not be, or have been, allowed, the applicant shall be notified and given an opportunity *ex parte* both to rebut the determination and to narrow the scope of the claim. The identity of the party citing references shall be maintained in confidence.

"Public use proceedings, as at present, may be instituted during the citation period."

We oppose publication prior to allowance of an application for patent; but if there is to be such publication we approve the first paragraph of the recommendation, recommending however that the applicant contemporaneously be given a copy of every citation of art to the examiner, or writing with respect thereto.

As regards public use proceedings, however, we disapprove for the reasons urged by the Commission itself in support of the proposals for elimination of interferences, elimination of grace period, and deferred examination.

Public use proceedings are a form of opposition. They are expensive and burdensome upon the applicant at a time when the real commercial significance of the invention is often still not determined. They cause lengthy delay in issuance of patents, and burdens upon the Patent Office work load. In the context of publication of applications, they afford the monied-corporation a convenient tool for harassment and delay of issuance of a patent until they can design around the invention.

The percentage of public use proceedings that preclude or limit the scope of eventual patent coverage, is not known to us accurately but is believed to be a very modest percentage—comparable to but less than the percentage of junior parties who win interferences and whose rights are to be cut-off by the elimination-of-interferences proposal.

"Public use proceedings *as at present*" which is the phrase in the Commission's proposal, is unfortunately misleading. At present, such proceedings are not sponsored by advertisement or publication as in the Commission proposal, and hence almost never arise other than ancillary to an interference; but after publication the public use proceedings—if German practice is any measure as we think it is—are burdened with many of the mischiefs the Commission has condemned. The merit of such proceedings, while theoretically important, is in fact *de minimis*.

Public use proceedings, following advertisement by publication should not be permitted. The public and those who have commercial interest in developing and offering such evidence, are on balance with other factors, better served by permitting such evidence in the trial of infringement cases as at present.

[Patent Section vote: 94% for the foregoing statement.]

COMMISSION RECOMMENDATION XII

"The Patent Office shall develop and maintain an effective control program to evaluate, on a continuing basis, the quality of the patents being issued by the examining groups and art units therein, and to furnish information for the publication of an annual rating of the overall quality of the patents issued each year."

We of course approve the general concept of this recommendation, particularly every reasonable effort at quality control by the Patent Office.

However, it is patently impractical, or rather impossible to establish a meaningful annual "rating" of the "overall quality of patents issued each year".

Often, even after a patent has been litigated, the quality of that patent is still subject to totally different views by lawyers and engineers who have spent months of study of it—and often to judges who later judge that patent once again.

To suggest such a "rating" is to beget mischief, in exchange for no corresponding benefit. Certainly, no court system should be permitted to look at such a rating in determining the validity of a given patent, as is implied by the Recommendation.

Thus we disapprove publication of a "rating on the overall quality of the patents issued each year" as an unrealistic, meaningless, and potentially mischievous publication.

[Patent Section vote: 100% approval.]

COMMISSION RECOMMENDATION XIII

"A Patent Office decision refusing a claim shall be given a presumption of correctness, and shall not be reversed unless clearly erroneous."

We disapprove the recommendation.

The patent examiner is by the nature of the job and the sources of personnel available for the job, a man normally enjoying no true practical experience in the art which he examines. He is presented the issue of patentability with the aid of hindsight, which renders obvious much that which by foresight was obscure.

If the issue is determined by Board of Appeals or by Court of Appeals on the record before the examiner, there is no reason why that appellate tribunal should not be given freedom to consider the record before it as fully as the examiner, and without bias in favor of the examiner's view.

But if before the court there be new evidence introduced, as for example evidence of twelve researchers who tried and failed to produce the novel result of the invention, there is all the more logic and reason that the appellate tribunal should be afforded freedom to act, unbiased by the action of the patent examiner. To preclude the court from responding freely to evidence before it that was not before the examiner, is to denigrate the concept of trial de novo and the purpose of introduction of new evidence.

Past experience does not suggest that the rule the Commission suggests is needed to prevent excessive numbers of appeals to the Courts, and does suggest that the rule we favor is practical to administrative practice with respect to Patent Office issues.

The United States Supreme Court has repeatedly reversed concurrent findings by trial and appellate courts below on the patentability of a claim, on such grounds as this: The issue of patentability is such a law-burdened mixture of fact and law as to command their review unbiased by FRCP 52(a). The logic of that court's common action is fully applicable here.

We favor for all Courts reviewing Patent Office actions, the rule established in the Court of Customs and Patent Appeals, that the decision of the Patent Office shall not bias the decision in the review of Patent Office decisions.

[Patent Section vote: 98% approval of the foregoing statement.]

COMMISSION RECOMMENDATION XIV

"Either the applicant or the Patent Office may appeal from a decision of the Court of Customs and Patent Appeals to the United States Court of Appeals for the District of Columbia Circuit, and from a decision of the latter court either petition the Supreme Court for a writ of certiorari."

We disapprove of this recommendation, favoring in lieu thereof a corresponding recommendation of the Patent Trademark and Copyright Section of the American Bar Association to this general effect:

Let there be a uniformity of chains of judicial review from Patent Office decisions, by establishing trials de novo within the framework of a Court of Patent Office Appeals (such as the present CCPA though preferably without Custom's jurisdiction), one judge sitting as trial judge and panels of three judges (not including the trial judge), sitting as appellate courts with jurisdiction over appeals direct from the Patent Office on the record before the examiner and also over appeals from the trials de novo.

The Commission's proposal adds a new appellate step, with incident expense in both time and money and no significant purpose served by the new appellate step, that is not equally served by this alternative.

Further, feeling as we do that any reasonable doubt should be resolved in favor of the applicant as above developed, we believe that the Patent Office should not be permitted to appeal or petition for writ of certiorari from court decisions adverse to it. For if there is a decision of either the Patent Examiner, or of the Board of Appeals, or of any Court, allowing the patent, that decision is itself adequate evidence of reasonable doubt sufficient properly to tip the scales in favor of the applicant—until such time as the invention is involved in commercial activity and controversy begetting a challenge to its validity by a party having commercial interest therein.

Such appeals by the Patent Office are expensive to the Patent Office and to the applicant in money, and in time and delay in patent issuance, and often with respect to inventions the real commercial value of which is still not determined to be worth the expense.

It is here again noted, that this like a great number of the Commission's proposals, are anti-patent in that they operate to preclude some patents the present system now allows, and hence to this extent the recommendation is contrary to the Commission's view that the system is an effective incentive to public benefit through private capital investment—investment in research and also in market development.

[Patent Section vote: 94% approval.]

COMMISSION RECOMMENDATION XV

(1) *XV paragraphs one and three*

"The Patent Office, upon receipt of a relatively high fee, shall consider prior art of which it is apprised by a third party, when such prior art is cited and its pertinency explained in writing within a three year period after issuance of the patent. If the Patent Office then determines that a claim should not have been allowed, the patent owner shall be notified and given an opportunity *ex parte* both to rebut the determination and to narrow the scope of the claim. Failure to seek review, or the affirmation of the Patent Office holding, shall result in cancellation of the claim."

* * * * *

"Anyone unsuccessfully seeking Patent Office cancellation of claims shall be required to pay the patent owner's reasonable cost of defending such claims, including attorney's fees. The Commissioner shall require an appropriate deposit or bond for this purpose at the start of the action."

We oppose the Commission recommendation.

This would place upon a patentee the burden of defending his patent in the Patent Office after it is issued. It would permit any third party, after issuance of the patent, to inform the Patent Office of prior art and if the Patent Office determines that the claims should not have been allowed, the burden is then placed upon the patentee to rebut the determination; and if he fails to carry the burden of proof so to do, his claims would be cancelled. We view this as a ready-made vehicle for harassment.

As to prior public use evidence, the applicant is not afforded any reasonable chance to rebut because the proceeding is "*ex parte*" and he has no knowledge of and no access to knowledge of the alleged prior use. Yet the applicant is by Commission Recommendation X given the burden of persuasion over opposition-proofs he has no chance to attack; moreover, the Examiner's cancellation on failure to carry this impossible burden is by Commission Recommendation XIII given a presumption of correctness of major evidentiary weight, but founded on one-sided proofs. Once the patent issues, the issue of its validity is better handled in courts where discovery is available.

The jurisdiction of the Patent Office should not be extended beyond the issuance of the patent in any event, because of a sound policy against indefinite continuity of argument over an issue.

From the date of the issuance of the patent the courts alone should have jurisdiction of all questions relating to its validity. Any third party instituting proceedings to invalidate a patent should be compelled to show that his cause meets society's requirements of justiciable controversy, within the spirit and philosophy of the declaratory judgment law, or some other applicable presently existing statute.

Because in this instance, a substantial minority [40 per cent of the Patent, Trademark and Copyright Section of the State Bar] took a contrary view, we also express it here for completeness. In light of the reasoning expressed in the Report of the President's Commission in support of the recommendation, and in light of the high likelihood that in practice, use and abuse of the proposal will turn out to be minor, this substantial minority "does not oppose the recommendation."

(2) *XV paragraph two*

"When the validity of a claim is in issue before both the Patent Office and a court, the tribunal where the issue was first presented shall proceed while the other shall suspend consideration, unless the court decides otherwise for good cause."

We oppose the recommendation.

Regardless of any Patent Office decision allowing a claim *ex parte* without live testimony and cross-examination of experts, the court must still decide the issue *inter partes* and normally with benefit of cross-examination of those skilled in the art.

If the Patent Examiner cancels the claims in suit, appeals lie to two or three tribunals, any one of which may reverse—particularly those who may consider new evidence. And then still the court in the infringement action must decide the issue again.

The delay resulting from suspending court action pending Patent Office action is not justifiable.

A patent owner would, by the Commission proposal, be biased to sue before giving notice of infringement, lest the accused infringer initiate Patent Office action for purposes of delay and expense. Neither the incentive to use the Patent Office proceeding to delay and increase litigation cost, nor the incentive to sue first and talk later, is a constructive incentive.

[Patent Section vote: 100% joining in the above statement.]

COMMISSION PROPOSAL XVI

"A claim shall not be broadened in a re-issue application."

We disapprove the recommendation.

The established doctrine of intervening rights adequately protects the infringer in need of protection.

But the intellectual difficulty of defining inventions adequately, is such that inventors need the protection which broadened reissues afford against errors by their attorneys and agents who, because they are working in technology outside their own expertise or for some other reason, often erroneously limit patents by immaterial limitations.

It is noted that all arguments in support of amending claims after publication in accord with the Commission proposal, would seem to be arguments for claim-amendment (including broadening) after publication under the present law at time of issuance—so long as the amendments do not prejudice those acting prior to the reissue.

It was pointed out, however, that the "intervening rights" doctrine needs further specification, and enlargement clearly to authorize a continuation after reissue of activity by a party who commences a given manufacturing act or the like, prior to the reissue."

[Patent Section vote: 88% approval of the statement disapproving the recommendation of the President's Commission.]

COMMISSION-PROPOSAL XVII

"For infringement of a claim which appears in both an application as initially published and in the issued patent, damages may be obtained for an interim period prior to issuance. Such period shall be measured from after the occurrence of all of the following events: (1) the initial publication, (2) a Patent Office holding that the claim is allowable, and (3) a transmittal to the alleged infringer of actual notice reasonably indicating how his particular acts are considered to infringe the claim.

"The applicant's election to create such interim liability, by his transmittal of notice, shall constitute the granting of a reasonable royalty, nonexclusive license, (1) extending only until the issuance of the patent for any infringement involving a process, and (2) extending to and beyond issuance for any infringement involving a machine, manufacture or composition of matter, which is made prior to the issuance of the patent.

"In exceptional cases, damages for interim infringement up to treble reasonable royalties may be assessed."

We oppose publication of patent applications prior to allowance and oppose deferred examination. The obvious awkwardness and complexity of this proposal, and the need for it, suggest part of the reason for such opposition.

But if there be such publication, we approve the essence of the recommendation provided the third event in paragraph one be amended to require *written* notice setting forth the *claims* in issue and stating belief that the subject matter thereof is being manufactured, used or sold by the noticed party.

The Commission's how-the-acts-are-considered-to-infringe should not be required in the notice.

The Commission's third event is normally impossible to comply with in respect of manufacturing processes and intra-plant manufacturing machinery.

Further, we see no need that the claim be published. If the disclosure is published and the claim is actually noticed, then this would seem to serve all needed purposes.

[Patent Section vote: 90% approval of this statement.]

COMMISSION RECOMMENDATION XVIII

"The term of a patent shall expire twenty years after its earliest effective U.S. filing date."

If there be concurrent acceptance of our views expressed under XIX below to relieve the patent owner of delays not of his own making, the concept of twenty years from the earliest effective complete application filing date should be accepted.

In this connection, we note our information that certain foreign countries have changed from measurement from earliest effective date, to a measurement from original complete application.

[Patent Section vote: 54% approving the foregoing statement.]

The persuasion of the views of the large [46% of the Patent Section] minority, seem sufficiently interesting so as to command brief recitation of the minority view:

Long pendency is more commonly the fault of the public through its Patent Office, than the fault of the inventor through his abuses of the system whose several here-pertinent provisions each have important merit.

Long pendency is curable, to all socially significant degrees, by cures directed at each abuse without the inequity of treating legitimate practices with the purgative medicine appropriate for abuses.

For example, prompt issuance of a patent to the first to file as between interfering applicants (without or with the junior party's right thereafter to precipitate interference as we recommend) substantially eliminates this one of the major causes of long pendency.

The second major cause of long pendency, a series of continuation or continuation-in-part applications, may be treated thusly: When an application is claiming credit for a date three years old, first give notice that the application is made special, then require of Patent Office and applicant alike, that further actions on that or any continuation-in-part therefrom shall be rendered within two weeks plus mail time and "hardship" time; and when the application is claiming credit for a date four years old, initiate a continuous sitting of examiner and applicant until the case is disposed of, the decision being *res judicata* (though subject to appeal as the other cases).

Most applications are now being issued in much less than three years so that the patents now on average expire in less than 20 years from first complete-application filing date. The two specific medicines above suggested would reach essentially all cases where the delay was in any significant part attributable to the applicant—except where the delay was importantly at the public's own hand by its failure to keep a Patent Office staff capable of acting rapidly on very old cases.

The important incentive to research, development and marketing of inventions which the Commission champions as the important contribution of the system, should not be diluted by penalties against inventors resulting, as is most commonly the case, from Patent Office delays beyond his control.

COMMISSION RECOMMENDATION XIX

"The term of a patent, whose issuance has been delayed by reason of the application being placed under secrecy order, shall be extended for a period equal to the delay in issuance of the patent after notice of allowability."

We approve the underlying philosophy of this recommendation that delays which are not the applicant's fault be not used to penalize him, and we approve the recommendation as far as it goes and urge its amendment to go further.

If patent life is measured from any filing date, we urge extension of patent life by periods of time:

(a) Resulting from public use proceedings and prior art citation after publication—for these delays are not the inventor's fault:

(b) Resulting from prosecution of an appeal which is at least in part successful—for if an applicant proves his right at least in part, the appeal was not frivolous and the applicant should not be penalized; and the failure to excuse him if he loses all his appeal will operate to discourage frivolous appeals; and

(c) Resulting from Patent Office time in excess of 18 months—for the public owes to the inventor a freedom from penalty attributable to Patent Office backlog exceeding a total of more than a year and a half.
[Patent Section approval: 100%]

COMMISSION RECOMMENDATION XX

“The filing of a terminal disclaimer shall have no effect in overcoming a holding of double patenting.”

We disapprove the Commission recommendation.

The purpose of the system is to induce commitment of private capital (including time) into research, technical development and market development by affording an exclusivity for a limited period which in turn affords a return on the capital.

As long as the patents are in common ownership, the terminal disclaimer cures all the evil of “double patenting.” Any remnant of alleged evil not in this context cured by terminal disclaimer, is a de minimis remnant of only theoretical, not real, significance.

The Court of Customs and Patent Appeals—a court of peculiar familiarity with the issue—has so held.

To the public and to industry, it matters not whether (a) a given concept has all its applications covered in one patent, or (b) the first-conceived application of the concept is covered in one patent and an obvious but second-conceived application of it is covered in a second patent, if the two patents are owned by the same party and expire concurrently.

And the nature of invention development and prosecution of patent application coupled with the extreme difficulty of drawing lines between two closely related concepts as being either one or two separate inventions, command the use of terminal disclaimers as reasonable and useful to proper protection of intellectual property and proper incentive to research, technical development and market development.

[Patent Section approval of this statement: 96%]

COMMISSION RECOMMENDATION XXI

“The importation into the United States of a product made abroad by a process patented in the United States shall constitute an act of infringement.”

We approve the recommendation: 98%

COMMISSION RECOMMENDATION XXII

“The licensable nature of the rights granted by a patent should be clarified by specifically stating in the patent statute that: (1) applications for patents, patents, or any interests therein may be licensed in the whole, or in any specified part, of the field of use to which the subject matter of the claims of the patent are directly applicable, and (2) a patent owner shall not be deemed guilty of patent misuse merely because he agreed to a contractual provision or imposed a condition on a licensee, which has (a) a direct relation to the disclosure and claims of the patent, and (b) the performance of which is reasonable under the circumstances to secure to the patent owner the full benefit of his invention and patent grant. This recommendation is intended to make clear that the “rule of reason” shall constitute the guideline for determining patent misuse.”

We approve the above-quoted recommendation.

And we approved the philosophy of contributory infringement of 35 USC 271 as within that rule of reason. We make special mention of this because the last sentence of the Commission's discussion of the rule seems uncertain of meaning as applied to contributory infringement.

[Patent Section approval: 96%].

COMMISSION RECOMMENDATION XXIII

"A final federal judicial determination declaring a patent claim invalid shall be in rem, and the cancellation of such claim shall be indicated on all patent copies subsequently distributed by the Patent Office."

We approve the recommendation insofar as it applies to a first adjudication of a patent. Here the logic that the patentee has had his day in court on the issue should logically prevail.

But if the same patent claim has been previously held valid, we see no reason to resolve the tie of judicial viewpoints in favor of one viewpoint.

We also point out that only rarely are patents re-litigated after a holding of invalidity; and when they are there is usually a good reason. The use of the statutory authority to award attorneys' fees in frivolous cases, works well to keep frivolous re-litigation at a moderately unimportant level.

[Patent Section vote: 56% approval of foregoing statement].

Those who recommend disapproval in totality of that Commission recommendation, are of such number [44% of the Patent Section] as to justify a statement of their view:

Judgments for the patent cannot be in rem, for future defendants have not had their day in court with their often-new evidence. When there is one judgment for the patent followed by one against, it is illogical to declare this tie against the patent. It is similarly illogical to declare "no-contest" when the first adjudication is for the patent, and declare "invalid in rem" when the first adjudication by the luck of the draw happens to be against the patent.

The problem of relitigation of patents previously held invalid is statistically a very small one, and adequately controlled by the statutory authority of courts to award attorneys' fees in instances of frivolous protection of patents already held invalid.

Hence, the recommendation should not be approved.

COMMISSION RECOMMENDATION XXIV

"Offices of 'Civil Commissioner' shall be created in those U.S. district courts where justified by the volume of patent litigation. In patent cases, unless otherwise ordered by a district court judge for good cause, a Commissioner shall conduct pretrial hearings, preside at depositions of parties, supervise discovery proceedings upon an accelerated and abbreviated basis, make preliminary rulings upon the admissibility of proofs, and be empowered to vary the burdens of proof for good cause in secrecy cases."

While the objective is approved, we disapprove the recommendation.

We note that it runs contrary to the views expressed by the Judicial Conference of the United States in the "Handbook of Recommended Procedures for the Trial of Protracted Cases", 25 F.R.D. 351, to the effect that a single man should have jurisdiction over all facets of protracted cases such as patent litigation.

By what ever name you call him, Civil Commissioner or Judge, he has the same issues to decide. The preferred aid to the problem, is to appoint enough judges so that a judge can and will give a patent case from beginning to end, the time such a case requires of parties and judicial bodies alike.

We also note the commonly held view that parties are entitled to have their causes (including controverted discovery issues) tried before a court. This view has been judicially approved. Certainly unless the "Civil Commissioner" were qualified essentially as a judge, it would be error to entrust to him any part of the judicial process.

[Patent Section vote: 92% approval of the foregoing statement].

COMMISSION RECOMMENDATION XXV

"A party to a patent case seeking to reduce his litigation costs, with the consent of the adverse party, may submit his case to the court on a stipulation of facts or on affidavits without the usual pretrial discovery. This procedure may be used where no injunctive relief is asked and only limited damages are sought. Incentives shall be provided to consent to this procedure, as set forth below.

"The Commission does not seek to discourage the settlement of patent infringement controversies. On the contrary, public policy strongly favors this method of resolving disputes. However, since there is always a public interest or aspect involved in a patent license, a strong patent system requires that only good

and valid patents be the subject of licensing arrangements. Attainment of this desirable objective is presently hampered by the many settlements and patent licenses brought to pass in order to avoid high litigation expenses. But just as it is contrary to the spirit of the patent laws to recognize and pay tribute to an invalid patent, it is also unfair to expect individual or corporate patent owners of limited means to settle, and accept less than their just due, simply because they cannot afford expensive litigation.

"The Commission believes that a truly just patent system should provide all patentees fair opportunity for a "day in court." Similarly, all alleged infringers should have an opportunity to test judicially the validity and scope of patents asserted against them. Neither should be made to suffer or be denied access to the courts because of intolerable litigation expenses.

"The expedited procedure recommended should be made applicable to both infringement suits and declaratory judgment actions involving patents.

"As an incentive for the alleged infringer to consent to this procedure, any subsequent judgment favoring the patent owner, under this procedure, would omit any injunctive relief and would be confined to a reasonable royalty license for future infringement and reasonable royalties for past infringement. Royalties, both past and future, could not exceed a fixed amount, such as \$100,000, unless a higher figure is agreed to by the parties. In addition, if an alleged infringer should refuse to consent to this procedure, and the patent owner, after regular proceedings, is successful, he would be entitled to a mandatory award of all reasonable litigation expenses, including attorney's fees."

Again we approve the goal, but insofar as this proposal is new, we disapprove it for legislative treatment as of now.

Parties can now waive discovery, can now stipulate the testimony in affidavit form or otherwise, and the Defendant (or declaratory judgment Plaintiff) can now proffer judgment, and they sometimes do all these things.

Judging from the Commission's discussion following the recommendation, the point of novelty which we detect in the recommendation is that a patent owner can proffer judgment of a reasonable royalty license, with an arbitrary lid on total royalty being set by statute without regard to quantity of commercial use, and if he wins after trial more than his offer he gets judgment for attorney's fees as well as court costs. But if he wins less, then what?

We submit the likelihood that his proposal is better viewed within the rule-making power of the Supreme Court, rather than the legislative arena.

And it must be studied in further detail from both sides of the docket. But generically as stated, we cannot approve the recommendation.

[Patent Section vote: 90% approval of this statement.]

COMMISSION RECOMMENDATION XXVI

"A Statutory Advisory Council, comprised of public members selected to represent the principal areas served by the patent system, and appointed by the Secretary of Commerce, shall be established to advise him, on a continuing basis, of its evaluation of the current health of the patent system, and specifically, of the quality of patents being issued and the effectiveness of any internal patent quality control program then in operation, and whether an optional deferred examination system should be instituted or terminated.

"Every fourth year the Council shall publish a report on the condition of the patent system including recommendations for its improvement.

"The membership shall consist of not less than twelve nor more than twenty-four. The term of appointment shall be four years, with a maximum tenure of eight years. An executive director, and other support as deemed necessary, shall be provided."

We disapprove the recommendation, as phrased.

Of course we approve appropriate continuous review of the patent law and the system—and the budget to support such continuous study. However, the patent law is no different from dozens of other areas of law in its need for study and review.

It seems to us more appropriate that the study group be appointed by the Commissioner of Patents than the Secretary of a government department who will have no familiarity with the patent system or the patent law.

Further we strongly recommend that the Patent Office be removed from the Department of Commerce or of Business and Labor, and be given separate agency status.

It must of course answer to the Bureau of the Budget and to Congress, but its principal functions under the law are judicial and quasi judicial, *not* logically subject to any chain of command under the Secretary of Commerce or of Business and Labor on any point of policy.

[Patent Section vote: 94% adoption of this statement].

COMMISSION RECOMMENDATION XXVII

"The Patent Office should be supported adequately to insure first-class staffing, housing and equipment, and

"Patent Office financing should be established on the following basis:

"(1) The Patent Office should not be required to be entirely self-sustaining.

"(2) The Commissioner of Patents should be authorized to set fees for Patent Office services within broad guidelines established by Congress. Such fees shall be apportioned in accordance with the cost of providing the services.

"(3) The Patent Office should be authorized to establish a 'revolving fund' of all its receipts to support its operation."

An 80% majority (of the State Bar of Texas Section on Patent, Trademark and Copyright Law) approve the recommendation. A 20% minority disapprove but the disapproval is of that portion only which permits the Commissioner of Patents to set fees. Some of the last three Commissioners of Patents have supported the concept of "maintenance fees" which has been repeatedly disapproved by bar groups and defeated in Congress, and fear that a Commissioner might adopt maintenance fees, by that history infects the entire concept in the eyes of many.

This recommendation, we note, is again logically consistent with the Patent Office feeling removed from the Department of Commerce or the Department of Business and Labor, and made an independent agency.

COMMISSION RECOMMENDATION XXVIII

"The applicant should be permitted to amend his case following any new ground of objection or rejection by the Patent Office, except where the new ground of objection or rejection is necessitated by amendment of the application by the applicant."

We feel that a rule of reason should apply to the circumstance, with discretion in the examiner to apply that rule.

We approve the recommendation as an expression of what is the rule of reason in most but not all applications.

We suggest that this be a rule of Patent Office administration, and not a statutory provision.

COMMISSION RECOMMENDATION XXIX

"A study group comprising members from industry, technical societies and government should be established to make a comprehensive study of the application of new technology to Patent Office operations and to aid in developing and implementing the specific recommendations which follow.

(1) The United States with other interested countries, should strive toward the establishment of a unified system of patent classification which would expedite and improve its retrieval of prior art.

The United States should expand its present reclassification efforts.

(2) The Patent Office should be encouraged and given resources to continue, and to intensify, its efforts toward the goal of fully mechanized search system.

(3) The Patent Office should acquire and store machine-readable scientific and technical information as it becomes available.

The Patent Office should encourage voluntary submission by patent applicants of copies of their applications in machine-readable form.

(4) The Patent Office should investigate the desirability of obtaining the services of outside technical organizations for specific, short-term classification and mechanized search projects."

We approve the recommendation. [98%.]

COMMISSION RECOMMENDATION XXX

"The Patent Office should:

(1) Proceed vigorously with the implementing of its plan for microfilm reproduction of all search files; and

- (2) Cooperate with foreign national patent offices and international patent organizations to develop a worldwide index of patents and published applications for patents."

We approve the recommendation. [94%.]

COMMISSION RECOMMENDATION XXXI

"The legislation implementing the proposed recommendations of the Commission should become effective as soon as practical with regard to both patents and pending applications."

Limited to the Commission's recommendations which we approve, and with focus upon as soon as *practical*, we approve the recommendation.

We note however that the patent system is as complex as the copyright system. The copyright law revision has been years in gestation, draft bills, criticism, re-drafts.

In similar fashion we think enactment of any new patent legislation by way of many major changes such as the Commission proposes, in less than two years after its first introduction, is not likely to be well considered or practical.

[Patent Section vote: 98%].

COMMISSION RECOMMENDATION XXXII

"The Commission has noted the increasing participation of the Federal Government in the financing of research, development, testing and engineering, and the many problems related to the ownership of patents resulting from such work.

"The Commission decided not to address itself to the question of the distribution of rights in inventions resulting from research and development work financed wholly or in part by the Government. This question is being considered actively elsewhere in the Executive Branch and by Committees of the Congress.

"Nevertheless, it is the Commission's hope that any action Congress may take in this regard will promote the purposes of the patent system to encourage invention and innovation and the resulting economic development and benefits."

We approve the Commission's "hope" that the action Congress may take in this regard will promote invention and innovation and market development of new ideas.

We further recommend that under no circumstances should the government assert against any of its citizens the patent monopoly right however it may have presumed to acquire title to patents.

[Patent Section vote: 98% approval of this statement].

COMMISSION RECOMMENDATION XXXIII

"The United States should take a position in favor of the proposed revision of the Paris Convention whereby a right of priority may be based on an application for an inventor's certificate."

No comment.

This has not been given enough study by the Patent, Trademark and Copyright Section to justify present adoption of a position, but there is at least doubt as to the merit of this proposal.

COMMISSION RECOMMENDATION XXXIV

"Efforts should be made to have the Paris Convention modified to remove any obstacle to measuring the term of a patent from an effective foreign filing date."

We oppose the recommendation: 92%.

COMMISSION RECOMMENDATION XXXV

"The Commission believes that the ultimate goal in the protection of inventions should be the establishment of a universal patent, respected throughout the world, issued in the light of, and inventive over, all of the prior art of the world, and obtained quickly and inexpensively on a single application, but only in return for a genuine contribution to the progress of the useful arts.

"To this end the Commission specifically recommends the pursuit of: (1) International harmonization of patent practice, (2) the formation of regional patent system groups, and (3) a universal network of mechanized information storage and retrieval systems."

We [92% of the Patent Section] disapprove the focus of the recommendation.

It (coupled with certain other recommendations) is based upon the unstated premise that there is major advantage to the United States in copying features of European patent systems just for the sake of uniformity. We believe this premise to be false.

That each patent apply to a relatively large economic unit, is desirable—but the United States already is such a large economic unit.

One-worldism in patents is not nearly so important as that the United States have a strong incentive for the commitment of private capital to research, technical development, and market development by which innovation is rendered available to the public.

United States industry is far outrunning its European counterpart in all areas of new technology. So much so as to be shocking to whole nations (and to Charles deGaulle in particular). See, for example Time's essay, "The Technology Gap" Time, January 13, 1967.

Some of the countries (France and Italy in particular) have over the years tolerated weaknesses in their patent systems (which the U.S. has not tolerated) with a resultant low investment in R & D. One dramatic example is in pharmaceuticals. Italy's patent protection of drugs is de minimis, this rule being adopted under the guise of public welfare. But the result is that Italian drug companies commit almost no money to R & D and have produced essentially no new drugs during the period that U.S. drug companies, with the world's highest R & D budgets, have produced sulfas, penicillins, and hundreds of other wonder drugs and vaccines—these in addition to those discovered under public-funds grant.

Another example: Europe even today does not enjoy color television.

When the market within the economic unit is as large as the United States, uniformity with other nations is of de minimis importance by comparison with strength of our patent system.

Surely the interests in patent law of the United States—where we generate 80% of all our patent applications—is different from that in Holland and other countries where foreigners generate 80% to 99% of patent applications and where foreigner's ownership of patents gives to foreigners a virtual stranglehold on the new-product economy of the country.

Thus while uniformity of patents and patent law would of course be nice and cannot be opposed as such, we cannot visualize a universal patent in our time that would not sacrifice more than it gains.

Further we strongly question the focus of the phrase "only in return for a genuine contribution to the progress of the useful arts."

The point of focus is a *system* by which people have faith in a return on their investment of time and money in research and *development* when conducted by *ordinary men* of skill in the art.

The focus must not be so specific as to grant a patent only on inventions of the stature of the telephone, electric light, phonograph, and radio-TV.

For if the only patents are patents on the few startling inventions, the budgets of dollars invested in ordinary skilled men's R & D, will not produce a return on investment. No return on R & D investment, no R & D investment. No R & D investment, no inventions startling or otherwise.

Thus the focus of 35 USC 103's "obviousness" test is the proper one for a functioning system inducing capital and time into R & D, while protecting industry and the public from spurious monopolies.

If the invention is either disclosed in or obvious from the prior art, it is within the public availability "merely" by searching the tremendous mass of technology and sifting the kernel of wheat from the tremendous hay stack of chaff. But if the invention is not obvious to those of skill in the art even after the study and sifting of the massive prior art, then the invention is not then available to the public, and the importance of the system's incentives commands the policy judgment that a patent be granted however minor the new contribution—so long as it is nonobvious.

By such a system, some patents are granted on minor improvements. But the patent never takes from the present public availability: and such a system does afford return on R & D investment and hence benefits us all with progress.

Be it further resolved that the Officers of the Patent, Trademark and Copyright Section of the State Bar of Texas, and their nominees, are authorized to express the views herein adopted (with appropriate explanation also of the minority views hereinabove expressed), to Congress and all other persons interested therein, and to advocate for legislation consistent with the above-expressed views.

SUPPLEMENTAL REMARKS CONCERNING DEFERRED EXAMINATION

(A supplement to the May 18, 1967 testimony of Tom Arnold, on behalf of the State Bar of Texas, to the Subcommittee on Patents, Trademarks and Copyrights of the Senate Judiciary Committee, with respect to S. 1042, 90th Congress.)

The first question to consider in connection with any proposed revision to the patent law, is that derived from the Constitutional purpose of the patent system:

Does deferred examination serve any of the purposes of the patent system, in promoting the progress of the useful arts or the availability of new progress to the public?

The answer to this first required question, is a clear and affirmative, No.

The most glowing allegations of alleged value of deferred examination, never speak in terms of competitive research, market development, or the like.

The nearest thing to the Constitutional purpose that is ever referred to by champions of deferred examination, is one of its necessary appendages—publication prior to examination of the application. The advantages of such publication are readily apparent, and need not be here reiterated. But let us look for a moment at the mischief such publication will work.

Publication of all applications for patent, prior to examination

Let's look briefly at the inequity, the cost in time and the cost in money, of blanket publication of all patent applications without editing of any sort, for merit.

When we publish applications for patent without examination for merit by either a patent examiner or by an editor of a technical journal, we publish paper which in majority part, is trash to our technical literature, with no value in return for the trash effort.

By S. 1042, 90th Congress, we publish all the nonmeritorious applications for patent, surely 40% or more. And we publish twice at least, all the meritorious applications—and one of the two such publications is trash in our technical literature. In fact it seems inherent in S. 1042 that not only will the applications be published, but abstracts of them will be published in a manner similar to present Official Gazette publication of issued patents, and that upon final issuance of patents such abstracts must be published again. Thus in part we are likely to have four largely redundant publications of the meritorious subject matter, under S. 1042.

The very existence of these trash publications forces hundreds of college level brains all over the country to read them. At least one college level man in every major patent law office or corporate patent department in the country, on average, will have a pressure to read or scan all the trash. If his time is worth, say \$20 per hour (most of the readers will be worth more than that), the total cost to industry and law firms will be great, indeed.

The very existence of these trash publications forces a mailing expense to mail them to libraries, law offices and corporate patent departments.

The very existence of these trash publications forces storage of copies of them not only in the Patent Office, but in law offices, corporation offices and libraries around the world.

The very existence of these trash publications forces educated people to classify and index the trash for appropriate retrieval when needed—if ever.

At a time of a natural-occurring paper explosion of nitro-glycerine proportions, this trash publication of forced volume exceeding 100,000 patent applications annually, is adding TNT to the explosive event.

Is this publication necessary?

Let us assume that it is done for say five years, and then some bright economist totals up all the cost to society as a whole—not just printing cost to the Patent Office—and finds the total cost high. Then he comes along with a fresh new idea. Being a fresh new idea, it will appeal to those who love change for the sake of change and without regard to true cost.

The fresh new idea: To hire a bunch of editors; give them 20 hours to examine each application so as to edit out the trash; thereby to eliminate 95% of the trash publications.

At 20 editing hours per application, this editing job can be done within 18 months of the filing date of the applications, at a total cost to society of less than the cost of publishing the trash, mailing the trash, reading the trash, classifying the trash, indexing the trash, storing the trash, retrieving the trash.

But can such editors do the editing job in only 20 man-hours per application disposal? Patent examiners do it now in only 15½ man-hours per application disposed of.

By issuing (and then publishing) patents on interfering applications with "conditional claims" as to the interfering subject matter in the junior party's patent, and then fighting the interference after patent issuance; and by issuing patents that are on appeal to the Courts with the appealed claims conditionally appearing therein: 98% of all allowable applications for patent can be published AFTER examination for merit and allowance and still within 24 months of the filing date. The Patent Office is almost doing that now, excepting only a relatively few arts where the Patent Office is short on personnel.

Since publication after allowance of material already edited for merit is feasible within the same order of time as the 24 months of S. 1042 publication, the multiple pre-allowance publications are not necessary or desirable.

So much for publication. What else does deferred examination force upon the system?

Is the cure for involuntary deferred examination, the establishment of voluntary deferred examination?

With all interferences and appeals fought to conclusion before issuance and publication as at present, we suffer an average 2.5 years of involuntary deferred examination, which industry and bar alike curse for its many evils.

The deferred examination of S. 1042 adds a five year voluntary deferred examination.

Query: Is the cure for the muchly-cursed involuntary deferred examination, the establishment of a 7.5 year voluntary deferred examination? Clearly, no.

Why do I speak of 2.5 years *plus* 5 years?

Over the past quarter century, the United States Congress, the patent bar and industry, have tolerated an average pendency-time of nearly 3.5 years, now down to 2.5 years. Are any of the socio-economic or political pressures that resulted in such tolerance, going to be changed by deferred examination? I think not. Deferred examination *in the United States* is not going to change the pressure on Congress, the patent bar, industry, or the Bureau of the Budget. Examination time will, under deferred examination after a shake-out period, still run to however many years we tolerate, and history teaches us we tolerate on the order of two to 3.5 years.

Patent Office budget is a de minimis tail on the dog of the nation's total research budget—something like .07%. So small a tail must not be permitted to wag the dog.

Deferred examination is not going to change the Patent Office capacity to compete with industry in the employment of men familiar with this or that technical art. Patent Office personnel management will not be changed by deferred examination. The pressures on Patent Office personnel will remain the same under deferred examination as now.

Only a change in Patent Office budget relative to its work-load, and some capital investment in mechanized data retrieval, will change the Patent Office examination backlog.

For many strong reasons there is no time here to discuss, it is reasonably predicted that under S. 1042's deferred examination, examining time will go up from the present 2.5 years rather than down—thus effecting 7.5 years of deferred examination.

As a starter on evidence of this thought, consider this: In Holland 80% of all applications for patent are foreign applications. Essentially all these foreign applications are, under Holland's deferred system, examined abroad before the choice must be made to examine in Holland. Even so, the total work load on the Dutch Patent Office (not counting industry, libraries, etc.) seems to be reduced by only a moderate amount by comparison with its non-deferred examination. And other independent mischief is at least rumored to have set in on the Dutch Patent Office as a result of the deferred examination effort.

Contrast the United States where nearly 80% of the applications are domestic, and where only one per cent of the applications are expected to be examined abroad before deferred examination here.

The Dutch pilot plant operation, when viewed in the context of United States facts and economic premises many of which differ sharply from Dutch economic premises, proves conclusively that deferred examination will *not*—after a shake-out period—reduce examination time in the United States.

Rather, S. 1042's deferred examination, is five years *plus* otherwise-routine examination time which is now 2.5 years, or a total of 7.5 years.

But what is so wrong about this lengthy deference if the applications are published after 24 months?

Deferred examination is a registration system for the most critical 35% of patent life

During deferred examination for about 7.5 years, the applicant has only registered his claim for a patent.

No cases will be finally rejected. Applicants will not have been forced to quit claim some subject matter in order to avoid references. Multiple applications on the same invention, that under Title 35 United States Code would be shaken out in an interference, will all be published, each with a slightly different disclosure and a possibility of eventually winning allowance of at least some narrow claims by the Patent Office, and also of winning some uncertain range of equivalents thereto in the courts.

The present United States system requires the applicant to distinctly point out and claim his invention. That which is disclosed but not claimed is dedicated to the public normally within 2½ years. In addition the Patent Office examines the claims and rejects that which is obvious to the examiner from the prior art known to him after his search. These two procedures, dedication by non-claiming and rejection over prior art found by the examiner, greatly cut down on the area of uncertainty of scope of issued patents by comparison with pending applications.

In context of competitive new product design or new plant design, these two restrictive procedures give information to the designer as to which roads of progressive design are free roads, and which are toll roads on which some patentee may extract a toll.

Under S. 1042 deferred examination, with aid of preliminary applications, it is certain that the infringement searcher will have at least the same order of magnitude of unpublished applications (both preliminary and young-complete applications) as we have at present—an estimated more than 200,000 preliminary applications per year plus a year's worth of complete applications. And to these applications, all still noses-of-putty, must be added five or six years of published applications not yet examined, that also are still noses-of-putty, whose coverage still remains uncertain, unknown and unfrozen.

Licenses must, in a great majority of cases, be negotiated in the registration-system period, the first 7.5 years. The licensee must resolve doubts in favor of the potential patent, or risk a million dollars in new plant or development. So he pays tribute for 35% of the potential patent life, for a license under a no-patent that often will never become one.

Those who negotiate a license each month or so, will know that this problem is real and present, though of course not universal, even under present 2½ years involuntary deferred examination.

Voluntary 7.5 years deferred examination compounds the problem, on a curve exponentially upward with time, without any real promise of significant value in return.

As of now, many many lawyers draw most of their licenses of pending applications around the subsisting claim concept: I.e., royalties are tied to the scope of claims in either a patent application or patent so long as the claim is not under Final Rejection, canceled, disclaimed, awarded to another in an interference or held invalid in Court. As of now it is feasible to depend upon Final Rejection of trash claims within two or three years; and this is a reasonable time to pay royalties even on unpatentable subject matter, just as compensation for know-how or market-lead time, afforded by the alleged inventor's disclosure.

Under deferred examination the inventor doesn't want to define his invention finally until after market development by his competitors. So he may require in the license contract, "No examination till I say so." And the potential licensee who is trying to buy peace and security for his million dollar plant or marketing investment, is burdened to accept it.—With the result that the trash claims are not examined and are not Finally Rejected for seven years, or eight.

Thus, under deferred examination, licensees will often pay royalties under trash claims that are only registered, for non-coverage by non-patents for six, seven or eight years.

Another point. Under Title 35 today, if a company finds it is infringing a patent claim, the first effort is to attempt to design around the claim and ac-

compish the commercial result with an alternative specie not claimed in the patent. But if the company is infringing a deferred application's claims, and successfully designs around them, the applicant (who is not yet bound to his claim pattern) amends his claims to be generic to the design-around effort.

Note that under S. 1042 the applicant is not bound to his claim pattern during 35% of patent life, even though he can recover damages under some after-the-fact circumstances for a period of time prior to allowance of his patent.

Yes, we have in deferred examination all the comforts, but more important the mischief, of a 7-8 year registration system.

The concept of broadened reissue patents

Under present Title 35, if an applicant or his attorney erroneously claims an invention too narrowly the applicant may correct the error by reissuing the patent and claiming more broadly—provided (a) the broadening correction is made within two years of the original patent issue, and (b) the broadened subject matter of the patent may not be asserted against an infringement that occurred before issue of the broadened subject matter in the reissue patent—this latter rule being referred to as the “intervening rights” of the infringing competitor.

The concept of broadened reissue patents, by way of correction of errors which sterilize a patent into a nullity, was condemned by the President's Commission on the Patent System and by S. 1042, even in the presence of its two protections (1) and (2) above.

But deferred examination forces a freedom to broaden coverage not just for a few years, but for six, seven or eight years—during which competitors are plagued without benefit of intervening rights.

Let's illustrate by way of actual examples that have come to pass under the 2.5 year present involuntary deferred examination, that deferred examination compounds with five more years.

I recently came to know a competitor's market-place structure before my client's patent claims were frozen by allowance of the patent or by intervening rights. Narrow “picture” claims of certain validity were added to the patent before it issued, that read specifically on the competitive structure. Thus we enjoyed the benefits of “reissue” to support an infringement-suit argument of slavish-duplication of even immaterial details, greatly enhancing the strength of the potential infringement suit.

In another case my client had \$250,000 worth of tools in the field before the competitor took one of these tools to his patent attorney who was prosecuting an application. The competitor's patent application then stood Finally Rejected with no claims allowed and no claims present in the case that read upon my client's specie of the invention. New claims very specific to my client's structure were added. A big commercial success story was told, based in part on my client's commercial success. The claims were allowed; suit for infringement was filed and judgment went for Plaintiff. Broadened “re-issue” without the protections of intervening rights for the party whose commercial success produced issuance of the patent.

Deferred examination's extra five years, compounds this vital and critical evil, many fold.

Deferred examination will induce the filing of many questionable applications

Under the system of present Title 35 USC, lawyers have on rare occasion advised a client to brainstorm every conceivable idea in a new art and to file dozens of applications with a few broad claims in each, then let the industry develop the art for a couple of years before electing which were worth prosecuting. While small businesses can rarely afford the practice, big business often can afford it.

Under deferred examination with bushes to hide in for seven or eight years while competitors develop their products and their market, this practice will be recommended much more often to big business than can afford this practice.

The published art will thereby be flooded with more trash applications with which big business can hide in the bushes.

And these trash applications, pursuant to S. 1042, will join the mass of trash publications that must inherently be classified relatively poorly, and that an infringement searcher must consider when advising as to new plant or new product design.

The cure for this is more promptness, not more deference, of examination.

In order to avoid the uncertainty of hundreds of thousands of unexamined applications, above and beyond those we now suffer, new products and plants must be biased toward structures which can be "justified by the prior art", i.e. be like the prior art so that no patent that later issues on them can be held valid over the prior art that was copied.

This is a bias not toward progress in the useful arts, not toward new design; it is bias toward copying old design, i.e., bias toward stagnation of progressive, new design.

Competitor's right to request examination

S. 1042 provides that for a fee a competitor may, if he desires, request the examination of an application even though the applicant has not so requested.

It seems that competitors have enough reading to do in the art, without having to read all of his competitor's trash applications and select which ones he wishes to pay a fee to get examined. In truth, it is cheaper for him to pay a patent examiner, through taxes, to sift out the trash applications before he starts his reading of his competitor's patents.

But another thought is perhaps more important.

Suppose a First Competitor does learn of an offensive application by Second Competitor, and pays the examination fee. Second Competitor is thereby advised that somebody wants to infringe this potential patent that he might otherwise have abandoned, and he will focus special legal talent to aggressive prosecution of that application and to further research in the area to cover all alternative ideas. So First Competitor paid the fee by which Second Competitor focuses his attention to hurt First Competitor's business. Equitable?

More important First Competitor is still blocked from his new plant or product. It will take two years or more after he pays the examination fee for his competitor's application, before the examination is completed. So what does First Competitor do about capital commitment for *this* year's market, or for *next* year's market.

"Stagnate the useful arts" is a meaningful phrase in describing the mischiefs of deferred examination.

Public resources spent in examination of worthless applications

It is argued by some that society should not spend public energies and resources, examining defensive or likely-defensive applications for patent, or other applications which the applicant may himself determine to abandon if but given five years to do so. Hence, by this argument, we should have deferred examination so that the interest of the applicant, if any, may be determined before the expense of examination is undertaken.

To which the compelling response, in context of the many circumstances above developed, is: The Patent Office can examine all applications at less expense to society than all of the mischiefs of long-deferred examination.

Let the defensive application be published at the applicant's request and cost as a *public-dedicated* "patent" consistently with S. 3007, 88th Congress, if the applicant acknowledges that his is a defensive application.

But until the applicant is willing to give up his right to affirmative protection and is willing to dedicate his invention to the public, let him not hide in the bushes for seven years.

Let the examination that narrows his coverage to the invention's real merit, and that publishes the *final* patent with its limitations in it, and that publishes only examined patents of merit found by the examiner and not a lot of trash paper, and that publishes only after the inventor knows what protection he is to get in exchange for publication—

—Let that examination proceed as surely and as rapidly as one car follows another on the Freeway.

Our history on patent registration systems

In 1793 we suffered a backlog of unexamined patent applications. Thomas Jefferson, then Secretary of State and thereby chief examiner of all patent applications, said: Let's abandon examination in favor of a registration system.

Senator Williamson of South Carolina said: Let's copy the British [then] registration system. If it works for England, it will work for us.

He drafted a bill that with administration sponsorship including the active participation of the Secretary of State and chief examiner of patent applications, became our patent act of 1793.

By that act the United States abandoned a prompt examination system in favor of a registration system.

The reading of Thomas Jefferson's traverse of the full circle from a believer in examination, to registration, thence back again into a believer in full examination, all before 1813, is a fascinating reading.

But it took 23 years after Jefferson found out the grossness of his error, before we got a full examination system returned to us in 1836.

The British whom we expressly copied in 1793, what did they do? They reversed themselves and adopted full examination after the United States' example.

Now it is the Dutch deferred examination, i.e. "half-registration system" that S. 1042 says we should copy.

Let's hope we get the copying done before the Dutch reverse themselves and copy us. But should they?

It is estimated that a 50% increase in Patent Office budget is much less than 0.07% of the United States research expenditures. If that estimate is off by 100% or 200%, Patent Office expense to do the job in this country, and do it *right*, is still an itty-bitty tail on the dog.

Contrast Holland where research is very low by comparison with United States research and foreign applications and Patent Office budget are relatively very high. Dutch decisions quite *reasonably* may be different from United States decisions.

If the world goes to deferred examination?

Some have urged that if the world goes to deferred examination and the United States not, the United States will involuntarily become the world's sole examiner of patent applications, and that we cannot afford that.

The simplest of aspirin pills will cure that before it becomes even a mild headache.

Title 35 USC may be amended, and should be amended now, to provide that any applicant claiming a foreign filing date, must swear that he has paid the fee and requested regular-order prompt and non-deferred examination of his foreign applications. He thus must pay the same fee abroad for the same regular order examination he gets for this fee under our Title 35.

This simple change will effect reciprocity on this issue of examination.

Conclusion

These remarks have only begun the development of what bugs are to be found in deferred examination. But need more be said?

Justice Frankfurter phrased it this way:

"We must be especially wary against the dangers of premature synthesis, of sterile generalization, *un nourished by the realities of law in action.*"

I phrase it this way: Deferred examination is a Reub Goldberg invention.

Senator McCLELLAN. Thank you, Mr. Arnold. Judging by the bulk of the statement you filed, and the time you have used, you have pretty well covered most aspects, I assume.

Mr. ARNOLD. I have a dozen I have not touched, sir.

Senator McCLELLAN. Well, we shall just stay where we are, then. I do not think we will ever get out of this wilderness if you have that much more.

If I understand, you feel that the enactment of S. 1042 would make the patent system much, much more expensive?

Mr. ARNOLD. Much more expensive; much less beneficial to industry and inventors.

Senator McCLELLAN. And you feel that instead of simplifying the procedures, it would rather complicate them; is that true?

Mr. ARNOLD. Yes, sir.

Senator McCLELLAN. And you think the patentee—that is, the inventor—is not any better protected, but possibly less so?

Mr. ARNOLD. Relative to the big business which has money to spend, the small business and small inventor comes out biased in the negative relative to them. The inventor or small business is not espe-

cially hurt any more than big business is in terms of what kind of protection he gets. He is hurt only in terms of the expense he must be subjected to, that he cannot afford by comparison with big corporations.

Senator McCLELLAN. You feel that as a patent attorney, you would have to charge much more when you represent a client if this bill is enacted?

Mr. ARNOLD. In proportion to the protection obtained for my client; yes, sir.

Senator McCLELLAN. Is that a view generally held by lawyers in the patent practice?

Mr. ARNOLD. I think so, Mr. Chairman. I have been in debates in half a dozen different bar groups on the same subject, and it seems to be held by at least 70 percent of the bar, if not a great deal more, in each of the bar groups where I have participated in discussions on that topic.

Senator McCLELLAN. Then I take it you have suggested that the committee just reject S. 1042?

Mr. ARNOLD. As such. We favor the amendments that have been proposed by Senator Long, and the American Bar Association is working on a substitute bill which I think is consistent with the views of the State Bar of Texas and will constitute an improvement in the patent law.

The other bills that I have referred to we think constitute improvements in the patent law. But S. 1042 as drafted we disapprove of.

Senator McCLELLAN. You say the American Bar Association is working on a substitute?

Mr. ARNOLD. I understand they are.

Senator McCLELLAN. I understand so, too. I think when we hear the next witness, maybe he will tell us something about that.

There are going to be a lot of substitutes offered, and amendments. I am hopeful that at some time, the subcommittee can get to a point where it can sit down and try to take what is before us and hammer out a bill that we can recommend. But if we are going to keep getting substitutes from time to time, I do not know how long this will be delayed. So today we are just going to have to cut it off to where we can sit down and work out a bill here.

Mr. ARNOLD. May I speak to that just a moment briefly? The copyright law revision is simple in its subtleties and secondary effect by comparison with patent law.

Senator McCLELLAN. I do not think you said what I heard.

Mr. ARNOLD. By comparison with patent law.

Senator McCLELLAN. All right.

Mr. ARNOLD. This bill, therefore, the patent law revision effort must go through, in my judgment, if it is to be as good a quality thing as we now have in copyright law, and I think that is a masterful bit of legislative endeavor, despite the fact that I disagree on a point or two—it is great work.

If we in the patent law revision effort, are going to come out with anything like that in quality, we are going to have to debate this bill and draft a substitute and we are going to have to debate that substitute and it is going to have to be the fourth draft before we have

anything like something we can get behind and say this is the best system.

Senator McCLELLAN. What you are saying is you emphasize what I already know, that we are here in a very complicated field.

Mr. ARNOLD. Yes, sir.

Senator McCLELLAN. Very complicated and highly technical. We will do more, and I hope we will not do worse, if we can come out with some law that will improve the present statutes. That is what we hope.

Mr. ARNOLD. I am sure we can do that, Mr. Chairman. But it will take a little while.

Senator BURDICK. Mr. Chairman.

I think your own statement means we need to improve this statute.

Mr. ARNOLD. Yes, sir.

Senator BURDICK. You seem to indicate that present law is better than S. 1042?

Mr. ARNOLD. Yes, sir.

Senator BURDICK. Under present law, by your own statement, we are two and a half years behind in the Patent Office and you lawyers are 6 months behind?

Mr. ARNOLD. That is a rough statement, but 2 to 6 months is probably a fair one.

Senator BURDICK. Do you not think we had better try something else?

Mr. ARNOLD. I agree we should try some modifications in title 35, but let us not copy European systems we already know and find seriously wanting.

Senator BURDICK. Do you not think the recording statutes in this country have brought a lot of order in real estate and other law?

Mr. ARNOLD. Oh, yes.

Senator BURDICK. And that in a sense, first filing might bring some order?

Mr. ARNOLD. I do not believe first filing in patent applications will bring more order. I think it will bring more chaos.

Senator BURDICK. I think the testimony here was that it is only less than one-half of 1 percent of those contested claimants that would not prevail under the first filing provision.

Mr. ARNOLD. The reason that this is bad, though, is that the absence of the capacity to rely on the interference to save the man his one-half of 1 percent case which is worth a million dollars, forces him into awkward choices in the other 99 percent of his cases, like filing each conceptual step in the Patent Office day by day or losing his right to that million-dollar value. It affects all of the other 99.5 percent, this one-half of 1 percent.

Senator BURDICK. As I understand it, there is equitable relief for those cases even where you have a first filing theory.

Mr. ARNOLD. Under S. 1042, not anything that is remotely satisfactory.

Senator BURDICK. We need some relief from the mess we are in. Any time we are two and a half years back in the Patent Office and you lawyers are back 6 months, certainly we need something.

Mr. ARNOLD. I am not saying that we do not, Senator. I am with the concept of improvement and I have suggested several improvements and the ABA bill will cover some more.

Senator McCLELLAN. Thank you very much.

Mr. Fulwider, come around, please, sir.

The Chair hopes we can conclude the morning statements before 12:30.

STATEMENT OF ROBERT W. FULWIDER, CHAIRMAN OF THE AMERICAN BAR ASSOCIATION SECTION OF PATENT, TRADE-MARK, AND COPYRIGHT LAW, ACCOMPANIED BY EDWIN McKIE AND WILLIAM E. SCHUYLER, JR.

Mr. FULWIDER. We shall try to be brief.

Senator McCLELLAN. Do you have a prepared statement?

Mr. FULWIDER. Yes, we do, Mr. Chairman.

Senator McCLELLAN. Do you wish to submit it for the record and highlight it, or do you want to read it?

Mr. FULWIDER. I would prefer to submit it for the record and merely highlight it here today.

Senator McCLELLAN. It will be printed in the record in full and you may proceed.

Mr. FULWIDER. I am Robert W. Fulwider. A patent lawyer from Los Angeles, Calif. I have been admitted to practice since 1931. I testify here today on behalf of the American Bar Association as chairman of that association's section on patent, trademark and copyright law.

Senator McCLELLAN. You are also accompanied by two associates. Would you have them identify themselves?

Mr. FULWIDER. Yes. On my left is Mr. William Schuyler, a former chairman of my section. On my right is Mr. Edwin McKie, chairman-elect to the patent section. Both Mr. Schuyler and Mr. McKie are engaged in the private practice of patent law here in Washington.

I might say at the beginning that I was somewhat surprised to hear Judge Rifkind's comments yesterday about lawyers and bar associations. In my 36 years of practice before the bar, I have been active in State bar associations, county bar associations, the American Bar Association, the American Patent Law Association. I think I must respectfully disagree with the judge.

In my experience, lawyers in bar association meetings may argue a lot; I think debate is good. But more often than not, I believe that the argumentative attitude of lawyers usually comes up with an answer that is pretty close to correct.

I feel that here we are not saying that we have the right answer, but we are saying that we think we have or will have an answer that is far superior to S. 1042.

Now, I should say that today, while our patent section has considered all of the provisions of S. 1042, the time element has prevented the American Bar Association as a whole from taking a position on all of the provisions. However, the American Bar Association does have a position on the key issues and my authority for being here today is expressed in this following resolution, which is rather brief, and I think I should read it, because it is the key to our position.

Senator McCLELLAN. Let the resolution, to expedite it, be printed at this point in the part of your remarks. We can printed that as we have it before us.

(The resolution is as follows:)

1. Resolved, that the American Bar Association is opposed in principle to:

(a) Elimination of the grace period within which application may be made for a patent after the public use or sale of the invention or the patenting or publication of the invention, and

(b) Any change in the law which would have the effect of awarding the patent only to the applicant who is the first to file his application, and

is opposed therefore to Sections 102(a) and 102(b) of S. 1042 and H.R. 5924, 90th Congress.

2. Resolved, that the American Bar Association favors in principle permitting the owner of an invention, whether or not he be the inventor, to file a patent application covering that invention provided that the inventor or inventors be named in the application.

3. Resolved, that the American Bar Association appeals to the subcommittees of the Senate and the House, to which S. 1042 and H.R. 5924 have been committed, to defer the submission of their respective reports on said bills to their respective full committees until such time as the American Bar Association and other interested parties shall have had reasonable opportunity to fully consider S. 1042 and H.R. 5924 and any proposed substitute bills, except that such deferment is not requested to extend beyond May 1, 1968.

Mr. FULWIDER. I should say that these resolutions were passed by an overwhelming majority of the patent section. It was not a question of a close vote at all. They were also passed by the board of governors of the American Bar Association without a dissent.

I am sure you know that the American Bar Association is fairly large. We have over 120,000 lawyers that are drawn from all walks—at least their practice is drawn from all walks of life. For many years the patent section of the American Bar has worked conscientiously, continuously, to try to improve the patent system. Contrary to the inference that we heard here yesterday, nearly 30 years ago, in 1939, the American Bar Association adopted a resolution recommending that the term of a patent extend 20 years from the filing date of the application. Even though that recommendation was made over 30 years ago, we are pleased to cite it in support of section 154 of S. 1042.

In 1951, the American Bar Association recommended relaxation of the rules for filing applications on inventions made by more than one inventor. Section 116(b) of S. 1042 follows that recommendation. We are pleased to support that one.

Also, prior to the President's Commission, the American Bar Association recommended that the owner of an invention be permitted to file the patent application, provided the inventor is named. This principle is embodied in section 111 of S. 1042, but it is restricted and not as practical as ours.

As you know, the members of our association prevailed in codifying the patent law which passed in 1952. There the patent bar and employees of the Patent Office worked together with Congress and came up with the act under which we now practice.

I mention these things, not that we want credit for them, but again, contrary to Judge Rifkind, merely to show that lawyers are not always opposed to change. We are, however, opposed to change simply for the sake of change. That is why we are here today, to oppose these basic revolutions of basic portions of S. 1042, because we think they are merely change for the sake of change.

We have had a special committee in our patent section for many years. We call it the Patent Policy Planning Committee. Its function

is long-range planning to examine the patent system and try to forecast and plan ahead with things that can be done for it. This committee has been very active.

We have given attention to claim drafting, streamlining interference, overcoming delays in the Patent Office.

When the President's report came out, our special committee—we call it 108—immediately went to work on that. When S. 1042 was introduced in the Congress, we began concentrating on that. The matter is so important and so urgent that we called a special meeting of the patent section here in Washington April 27, 28, and 29. As you probably know, we normally only hold one meeting a year in connection with the annual meeting of the American Bar Association. We had over 400 members in attendance here in Washington at that meeting. We spent 2 days on S. 1042. We think we gave full consideration to it.

We also gave full consideration to an alternative draft of a substitute bill, which our Committee 108, headed by Mr. Schuyler here, had been working on and had produced for us.

You will recall that yesterday both Judge Rifkind and Mr. Birkenstock suggested that if the bar or any other group who opposed S. 1042 was really serious, they would come up with a substitute package. We propose to do this.

SENATOR McCLELLAN. How long do you think it is going to take you to do it?

MR. FULWIDER. We are hopeful that we will have a draft bill in satisfactory form, which will represent pretty close a consensus of the bar, sometime in July. It is possible that it might be sooner than that, but I doubt it.

That cannot be an official ABA position because it will embody things or positions that were taken by the section at our meeting here in Washington. Those resolutions, other than these key resolutions here, which were passed by the Board of Governors, have to await action by our house of delegates in Honolulu August 5-9. So there will be, we hope, an alternate bill that most of the bar will be in favor of and which we think makes a lot better sense or will make a lot better sense than S. 1042.

SENATOR McCLELLAN. We are in a position now of having to wait a couple of months or more for you to prepare, draft, and submit a bill?

MR. FULWIDER. That is right. You will have to remember, of course, that—

SENATOR McCLELLAN. I am not unwilling to wait if there is a prospect of getting something better than what we have before us, and, of course, you think you can submit something better. Why is it necessary to take 3 months, though, to draft this bill?

MR. FULWIDER. Well, it took the President's Commission about 2 years to come up with these recommendations. The administration started working on S. 1042, as far as we have been advised, even before the President's report was published. They spent several months.

The report and S. 1042 are such radical changes from what we have known for a hundred years, from what our present practice is, that it is not easy to decide which of these radical changes we can live with and which ones we must oppose on principle.

Senator McCLELLAN. Let me ask you: Do you favor any change in the existing law? I am talking about the position of your group in the American Bar Association. Does it favor any change in the present law?

Mr. FULWIDER. Yes, we do, Senator. There are quite a number of things in S. 1042 that are embodied in our tentative draft bill at this time. Where the main disagreement lies is in these two resolutions that we bring before you today—the first to file and the elimination of a grace period.

Senator McCLELLAN. Those are the two main issues?

Mr. FULWIDER. That is the heart and soul of S. 1042.

Senator McCLELLAN. Further than those, the rest of S. 1042, you feel you can live with and save yourself some modification?

Mr. FULWIDER. I would not want to say we can live with all the rest of it. There are a number of other things, but in my mind, I think they are secondary and I can speak officially only about those two things today.

Senator McCLELLAN. But these two are vital?

Mr. FULWIDER. That is right, Mr. Chairman.

Senator McCLELLAN. And you protest them?

Mr. FULWIDER. We are, and I am not sure I would use the same words Tom Arnold used, "violently opposed," but it is close to violent. Those are the two main problems. It is a change in philosophy. I think it is important that we realize that at least since 1936 we have been firmly committed to this basic philosophy of awarding to the first to invent. In other words, the man who makes the first invention gets the patent. That is contrasted to the philosophy of most European citizens that not the man who makes the invention gets it, the first one, but a second one or a third one or someone at a later time, which becomes the first to file.

Senator McCLELLAN. Let me see if I understand this: I have developed something, I have invented something. The idea came to me and I pursued it and developed something that is an innovation, it is patentable. Although I have developed it. I have made a sample of it or a model of it. I am looking at it. I still think maybe I can improve it. I realize that it is not yet developed to that stage where it could be commercialized, it would still have to have some refinements. But I have the basic invention, the basic discovery.

In the meantime, you possibly have come up with substantially the same thing, the general idea is the same. If yours were patented, it would preclude mine from being patented and vice versa, they are that close together, we will say.

Now, I made mine a year before you made yours. But the minute you get it in some crude form where it is patentable, you run to the Patent Office and file it there. I had the idea originally, I had it before you did.

Am I to be barred or precluded from getting a patent?

Mr. FULWIDER. You would be under S. 1042 but not under the current law.

Senator McCLELLAN. And you favor the one who first develops it?

Mr. FULWIDER. Yes.

Senator McCLELLAN. Now, how am I going to establish that?

That becomes controversy. I guess the way it is now, it is frequently contested, is it not?

Mr. FULWIDER. That is right. That is the interference proceedings we heard about.

Senator McCLELLAN. Now, if S. 1042 is enacted, it eliminates that controversy; you got there first and you file: therefore, you are entitled to protection. I may state it a little crudely, but that is the real issue here, is it?

Mr. FULWIDER. That is right.

Senator McCLELLAN. Now, the question is for us to resolve where the equities are and whether there should be such change, whether such change is necessary to expedite the work and functioning of our patent system and cause it to operate more efficiently and more economically, and, at the same time, afford protection to inventors and to promote incentive for inventions and so forth, to preserve all these properties that are now included in our patent system.

Mr. FULWIDER. Well, I think one good point is that our system has been working under the current rules for over 100 years and we are today the most industrially advanced Nation in the world. I believe that in at least some part, and I believe perhaps in a major part, this depends on the patent system.

Senator McCLELLAN. Well, nobody questions that our system has worked well, and possibly better than many others. So has our Government. But our Government is getting so big today that we have to constantly overhaul our laws so as to make it operate more efficiently. The only question here is, is this proposed legislation an improvement? Not to question that it is operating all right.

In certain days, certain times, the horse and buggy operated all right. Today it does not do so well. Times change, conditions change, and now the question is have those changes come about to where change in the law to keep pace with the demands of the present are necessary.

Mr. FULWIDER. I agree that any law must grow and patent law is the same as any other law. We are the first to concede that there are certain changes and improvements that can be made in it, have been made in it over the years, and can be made from here in out. But one of our basic premises is that there are two philosophical systems of patent protection in the world: Our system which awards the patent to the first to invent, and the generally called European system, although, as you know, no two European countries have the same system. Nevertheless, their philosophy is based on first to file. It is more a matter of expediency than anything else.

I am not saying this is the entire picture, but it is an important factor that, looking at these two systems, under our system, which I call the American-type system, to reward the inventor, create incentive for inventing, we have made much more progress than they have.

That is not our only argument, of course.

The grace period, tied in with this first to invent, is very, very important. We believe that S. 1042 does not improve, it makes a change, but it takes a step backward. And more particularly, S. 1042, with its first to file, elimination of the grace period, the race to the courthouse, or the Patent Office, the big corporations—when I say

“big,” I mean very big corporations—they can live with this. All they have to do is double the size of their patent departments and publish every day or week, dash off with all of those preliminary applications that S. 1042 calls for. It is going to be pretty tough for a little inventor or even for a small business—when I say “small business,” I mean somebody with sales under a million dollars.

Senator McCLELLAN. Are the big interests favorable to S. 1042 and the little inventor opposed? Is that what you are trying to say?

Mr. FULWIDER. It is hard to generalize, but of the hundreds of people I have talked to, I would say almost the only proponents or backers for this are representatives of large corporations, who recognize that their patent budgets will have to be increased materially, but they can live with it. But the little fellow, as Mr. Arnold said, this in a way is a bonanza for patent attorneys and will be for some time. It is not that we are going to charge a higher daily or higher hourly rate. It is merely that the inventor, instead of filing one application as he does now, under the new law is going to have to file several. In fact, on a complicated invention that is developed over a period of time, he is going to have to file a preliminary application at least every month.

So people have said, “Well, we will just send to the Patent Office all of our working drawings and all of our memos.” This is the practical aspect of this first to file with the preliminary application, contrary to what the speakers have said here yesterday and this morning, to some extent, is strictly a boobytrap as far as we are concerned for the little inventor. He is going to rely on this, as the President’s report envisioned it, it sounds fine.

It might have some good effects, because they recommend that the small inventor could sit down, prepare his own application. S. 1042 is not that simple. S. 1042 says that that preliminary application that the inventor is about to prepare for himself has to include each and every feature that he is ultimately going to want to claim. That means that more times than not, unless he goes to a lawyer to prepare these applications, he is going to be relying on something that will not stand him in good stead when the chips are down.

Senator McCLELLAN. Do you think that this is going to engender a lot of litigation as to whether the first filing is adequate?

Mr. FULWIDER. I think it will.

Senator McCLELLAN. Or whether it is sufficient to sustain the priority?

Mr. FULWIDER. To begin with, it is going to engender a lot of trouble in the Patent Office, because we have a series of preliminary applications. Then you file a complete application. Wherever you have overlapping subject matter—in other words, two or more cases in the Office at the same time with different preliminary dates—that examiner is going to have more to do under S. 1042 than he has now. He is going to have to go back and compare and cross-compare the various preliminary applications of all these applicants to see which supports what.

For example, you cannot say for sure which preliminary application is going to support what claim until you know what the final claims are. But you cannot know what the final claims are until you know what the preliminary support is. So you have an intolerable situation.

Furthermore, once the patent issues, you are going to have this same problem, because the patent that you buy a copy of, may be the result of several preliminaries. Now, in order for you as a competitor to know what that patent covers, what its effective dates are, you are going to have to obtain from the Patent Office copies of those preliminary applications. It is going to make the job of the potential infringer tougher. It is going to make it more difficult for the owner of the patent to litigate, and it is going to make it harder for the courts. In other words, you are going to have in effect a series of priority contests in your lawsuits that you do not run into very often, and they are not nearly as complicated.

We not only think that section 102—that is first to file and elimination of the grace period—will improve quality. I should say this first. We are entirely in accord with the objectives set forth by the President's Commission. Nobody can quarrel with those. We are entirely in accord with the objectives set forth in President Johnson's letter of transmittal.

It is our position, however, that because of section 102, S. 1042 will not meet any of these objectives, will not accomplish what they say it will accomplish. And furthermore, in some respects, it will do the opposite.

To begin with, it will not improve the quality of patents. Now, whether a patent is issued to the person who claims to be the first inventor or the person who first files the patent application can have no effect whatsoever on the quality of the patent that ultimately issues. The question of quality. There is a key issue, first to file. It cannot possibly meet the objective to improve the quality of the patents. It is going to promote poorly done, carelessly drawn applications and the odds are you are going to get patents that will be poorer in quality for lack of definiteness and for lack of proper care.

Now, furthermore, going to this lack of a grace period and the first to file—the entire problem is not as between two inventors. The first to file more or less presumes this. But the lack of a grace period has a very important feature that has not been dwelt on much yet. That is that when you say first to file and lack of a grace period, you not only cut off a man's rights by dashing into the Patent Office and beating him there, you can cut off his rights by publishing. That is what Mr. Birkenstock was saying yesterday, that many corporations, and, of course, this is particularly advantageous to the big corporations, make lots of minor or secondary, what to them are unimportant inventions but what to other people might be very important inventions. They can cut off absolutely the rights of everyone else to those particular inventions of those particular ideas by merely publishing. All you have to do is have a weekly magazine that has wide distribution and in that magazine each week are published technical dissertations on that week's improvements.

Now, whether or not that particular thing that IBM or General Electric or the AEC Corp. happens to be working on, whether that is new with them or not, has nothing to do with the patent rights of the person who has been working on it for 6 months or a year, except to this extent: It cuts them off.

You can be working on your invention for a year. I come along with a similar thing. I do not want to go in and patent, so I just publish. And you as a prior inventor and thousands of other people, perhaps, or hundreds of other people working on the same thing, are cut off, period. That is one of the incidental—I will not say benefits—detriments of the first to file.

In our opinion, because of section 102, S. 1042 will not shorten the pendency of patent applications in the Patent Office, but will tend to prolong them. They will get rid of the small number of interference cases, one-half of 1 percent, but because of some of the problems introduced by S. 1042, the normal pendency of the normal applications is probably going to take longer than it does today.

In answer to Senator BURDICK's question about the two and a half year backlog, I would say that at least since 1931 the Patent Office has been about that far behind, and quite often farther behind. We have lived with it. It has not caused any great consternation. Some people complain. They have procedures. You can have your case made special if you have particular reasons—you are old and infirm, you have an investor angle on the line. You can have your case made special and taken up out of order. So this is not a current problem that has happened in the last few days.

Senator BURDICK. I do not say it is a current problem. But is it not a problem that you can remedy?

Mr. FULWIDER. Yes; with more money and more efficiency in the Patent Office and more equipment.

I think it was Mr. Naylor and Dr. Steiver who stressed the fact that they need better equipment and an information retrieval system.

Senator BURDICK. On that information, I am amused at something you say here on page 10, "Under the present statute, less than 2 percent of all pending applications ever become involved in interferences, and constructive proposals will reduce that number to about one-half of 1 percent. Certainly, an efficient administrative agency can find some way of expeditiously disposing of the one-half of 1 percent of applications in which the priority of inventorship may be contested."

Now, you have a recommendation. The Patent Office says this new method will work. You have nothing concrete. You say they can find a way. Have you found a way?

Mr. FULWIDER. Yes, one of our problems is that there are so many ways. All the meetings I have attended in Boston last week in connection with the American Patent Law Association—there are a number of good ways there.

My own personal belief—I should divorce what I say personally from what I say as ABA chairman. My personal belief is that if the commission and the Patent Office spent as much time in trying to improve interference practice as they did on working out a new basic change in the law, we would have a good recommendation.

Senator BURDICK. Interference involves questions of fact, that is all it is. It is a regular lawsuit. "A" says, "I dreamed this up in a log cabin." "B" says he dreamed it up somewhere else, and you have a long delayed lawsuit, with appeals, et cetera.

Mr. FULWIDER. Well, however, usually the subject matter is important enough to warrant a lawsuit and the interference lawsuit is not

necessarily any longer than any other type of lawsuit. I think probably 78 percent of them are settled before they ever go to final hearing.

So the main thing is that while it is a small percentage of the total number of cases, as Mr. Arnold says, if you do not have the interference practice available to you, you are casting a cloud, so to speak, over all the other patent applications that are filed because people rely on the law and rely on the fact that if they need it, they can have interference.

Senator BURDICK. In that regard if you had a first to file, you would find, I believe, in the end that the first invention would be the first to file. In other words, there would not be any delay, that the first inventor would file first.

Mr. FULWIDER. Today that is quite often true. On the other hand, it is untrue in just enough cases, and those cases can be important where we feel that the equities it would destroy and the incentive to invent would also be destroyed. We think it is fundamental.

Senator BURDICK. I just hope the American bar can come up with some solution itself—I have not seen it yet in your statement—of how to speed this up.

Mr. FULWIDER. As I say, today, our position at the moment, is merely that we oppose these key provisions involved in section 102. We will present to you as soon as we can, either officially or unofficially, a draft bill that we think will solve these problems.

On the other hand, the rules and regulations for interference practice are largely made by the Patent Office. We have made recommendations from time to time. The Patent Office has made some improvements from time to time, and I am convinced that between the ideas the Patent Office has and the many ideas that the lawyers in the bar association have for improving interference, we can get rid of the problems involved.

I would like to have Mr. Schuyler comment.

Senator BURDICK. The Patent Office says they can speed it up with S. 1042.

Mr. FULWIDER. They do not speed it up, they just get rid of it. You cannot brush this under the rug.

Mr. SCHUYLER. I am William Schuyler, of Washington, D.C. I would like to quote a conversation I had with Secretary Hollomon following the hearing yesterday afternoon, which I think bears right on this point.

The Patent Office is working very diligently to reduce the backlog. And Secretary Hollomon stated to me, and I will not pretend to quote him precisely, but something to the effect that the present tenure of an examiner, the average tenure of the examiner in the Patent Office today is 5.5 years. Secretary Hollomon said if he can increase that 1 year, if he can persuade the examiner to stay 1 year more, to six and a half years, he can eliminate the backlog in 1 year.

If I have misquoted him, I am sure I will be corrected, but there was something of that substance that is stated.

I think there is a very good answer in that direction, sir.

Mr. FULWIDER. I was at the same conversation.

I am glad you brought that out, Mr. Schuyler.

Senator McCLELLAN. Off the record.

(Discussion off the record.)

Mr. FULWIDER. Just by way of summary, to state our position, the American Bar Association favors retention of the 1-year grace period

provided in 35 U.S.C. 102(b) and opposes the first to file, because the retention of the current system gives the inventor sufficient time to perfect his invention before filing a patent application. It gives the inventor and his lawyer sufficient time to carefully prepare an application, to make a complete and adequate disclosure; in other words, to do a good job. It places no obstacle in the way of the inventor who wishes to share his development with others, by conversation, by discussion seminars, by publication, or by demonstration.

For similar reasons, we favor issuance of the patent to the first inventor. Actually, these are hardly two points, they are so inextricably tied together. The elimination of a grace period and the changing of a first inventor system to a first-to-file system will, in our opinion, reward a speculative inventor who endeavors to blanket a field for himself or spoil it for others by the publication procedure I mentioned. By the mere fact of a publication, he becomes what I call a spoiler.

S. 1042 would prejudice the substantive inventor who deliberately completes and tests his invention before racing to the Patent Office. It would encourage industrial espionage and that is something we have not had time to talk about. But I am convinced that if we adopt S. 1042 in its present form, we are going to encourage industrial espionage. We have some now, of course, and we always will, but we do not have anything like what we will have if S. 1042 goes into effect.

Finally, I think S. 1042, and particularly those features of section 102, favor large corporations, which are staffed with personnel aided by computers and will have a decided advantage in deciding immediately whether or not to file patent applications—in other words, whether or not to race to the Patent Office and whether or not to publish and spoil to shut others out.

If this goes into effect, the net result, the inevitable result of this, I think, will be that eventually the patents on the most important inventions will be held by large organizations, because the independent inventor and the small business organization, for lack of resources to protect their rights, gradually will be downgraded.

Inevitably the concentration of patent property in these large organizations is going to reduce the value of patents as incentives, and eventually it will be reduced down to where there is a strong possibility—I do not want to overstate it, but I feel this sincerely—that our patent system will be more a fiction than a reality as an aid to our economy.

As I mentioned earlier, we are drafting a bill. My final thought is—we understand that other people are doing the same—we would sincerely hope that this subcommittee will find it advisable to proceed with its deliberations in such a manner that we will have a chance to submit to you gentlemen the things we think are a solution and a solution that will not destroy the patent system but will enhance it.

Thank you very much.

(Mr. Fulwider's statement in full is as follows:)

STATEMENT OF ROBERT W. FULWIDER, CHAIRMAN OF THE AMERICAN BAR ASSOCIATION, SECTION OF PATENT, TRADEMARK, AND COPYRIGHT LAW

Mr. Chairman and members of the subcommittee, my name is Robert Fulwider. I am a patent lawyer and have been engaged in the private practice of law in Los Angeles, California, since 1931. My offices are located at 5455 Wilshire Boulevard, in Los Angeles.

I testify before you today on behalf of the American Bar Association as the Chairman of that Association's Section of Patent, Trademark and Copyright Law. Joining with me are William E. Schuyler, Jr., a past chairman of the Section, and Edward F. McKie, Jr., Chairman Elect of the Section. Both Mr. Schuyler and Mr. McKie are engaged in the private practice of patent law in the District of Columbia and have been so engaged for many years.

AUTHORITY FOR TESTIMONY

Our authority for speaking on behalf of the American Bar Association is expressed in the following resolutions which set forth the official position of the Association:

1. *Resolved*, That the American Bar Association is opposed in principle to:

(a) Elimination of the grace period within which application may be made for a patent after the public use or sale of the invention or the patenting or publication of the invention, and

(b) Any change in the law which would have the effect of awarding the patent only to the applicant who is the first to file his application, and

is opposed therefore to Sections 102(a) and 192(b) of S. 1042 and H.R. 5924, 90th Congress.

2. *Resolved*, That the American Bar Association favors in principle permitting the owner of an invention, whether or not he be the inventor, to file a patent application covering that invention provided that the inventor or inventors be named in the application.

3. *Resolved*, That the American Bar Association appeals to the subcommittees of the Senate and the House, to which S. 1042 and H.R. 5924 have been committed, to defer the submission of their respective reports on said bills to their respective full committees until such time as the American Bar Association and other interested parties shall have had reasonable opportunity to fully consider S. 1042 and H.R. 5924 and any proposed substitute bills, except that such deferment is not requested to extend beyond May 1, 1968.

DELIBERATIONS BY THE AMERICAN BAR ASSOCIATION

The American Bar Association has a membership of over 120,000 lawyers drawn from all parts of the country and representing clients in all walks of life. Much of the work of the Association is carried on by "Sections" representing specialties in the law, such as taxation, corporations and banking, antitrust, patent, trademark and copyright, and the like.

The Section of Patent, Trademark and Copyright Law, which I will for brevity call the Patent Section, is the oldest of all the specialty sections, having been established in 1894. Most of the 3200 members of the Section confine their activities strictly to one or more of these branches of the law.

For many years, and in fact since its inception, the Patent Section has worked continuously to improve the American Patent System and has recommended many changes in the patent law. For example, nearly 30 years ago, in 1939, the American Bar Association adopted a resolution recommending that the term of a patent extend 20 years from the filing date of the application. Even though our recommendation was made almost 30 years ago, we are pleased to cite it in support of Section 154 of S. 1042.

In 1951, the American Bar Association recommended a relaxation of the rules for filing applications on inventions made by more than one inventor. Section 116(b) of S. 1042 follows that recommendation and we are pleased to support it. Prior to the Report of the President's Commission, the American Bar Association recommended that the owner of an invention be permitted to file the patent application, provided the inventor is named. This principle is now embodied in Section 111 of S. 1042, but is restricted by Section 115 which requires the owner to obtain an oath or an assignment signed by the inventor. Thus, S. 1042 does not relax the rigid requirements of the present statute, but merely changes the timing of them.

Members of our Association and Section were extremely active in the revision and codification of the patent laws into the 1952 patent act which is currently in effect. That act was the result of a cooperative effort by the patent bar and representatives of the Patent Office with the Congress and its committees.

I mention these things, not to seek credit for our ideas, but to show that we as lawyers are not always opposed to change. Nevertheless, we are opposed to change solely for the sake of change. And that is our position with respect to some of the basic provisions of S. 1042.

About four years ago, the Council of the ABA Patent Section created a special, long-range planning committee which was given the title of Patent Policy Planning Committee. It was directed to anticipate the needs of the patent system and develop solutions for problems that might occur in the future. This special committee has become known as our Committee 108. We gave particular attention to the problems of better claim drafting, streamlining interference practice, overcoming delays in the Patent Office and increasing the reliability of patents.

When, about a year later, the President's Commission was established, we sought from the Commission and were given a list of topics or areas of the law that they planned to explore. These topics were considered by Committee 108 and numerous recommendations were debated and voted upon at our Annual Meeting in Montreal in August, 1966. Further action on most of these resolutions was deferred pending publication of the Report of the President's Commission. Following the publication of the Report in December, 1966, we reviewed our previous actions, and since February 21 we have, of course, been concentrating on S. 1042.

A Special Meeting of the Section was called and was held in Washington on April 27-29 with over 400 members in attendance. That meeting lasted three days and full consideration was given committee reports concerning the provisions of S. 1042 and to a tentative draft bill based upon established positions of the Section. Committee 108 is continuing with preparation of a draft bill and it is expected that this work will be completed at the Annual Meeting of the Association in Honolulu August 5-9.

It is hoped that this continued effort by the American Bar Association will come to fruition in a bill offered in Congress which will go far to accomplish the objectives set forth by the President's Commission Report and by the President in his letter of transmittal to Congress. The American Bar Association is completely in accord with those objectives but is of the firm conviction that they will not be accomplished by S. 1042. On the contrary, it is our firm conviction that S. 1042 in its present form will tend to destroy the incentive to invent.

PHILOSOPHY OF THE AMERICAN PATENT SYSTEM

Under the Constitution, Congress is empowered to promote the progress of useful arts by suitably rewarding inventors. Congress has done this by creation of a patent system which awards a limited monopoly to the first inventor to exclude others from using his invention for a limited time.

Beginning in 1793, the United States patent law was based upon a registration system similar to those being used in many other countries today. Since 1836, the United States has been firmly committed to the philosophy of rewarding the first to invent. In the last 130 years, we have seen the United States become the most industrially advanced nation in the world. The part played by the U.S. patent system in that growth was clearly stated by President Johnson in his letter transmitting the Patent Reform Act to Congress, as follows:

"From the earliest days of our Republic, the patent system has played an indispensable role in stimulating the Nation's progress and prosperity. It has spurred the creative work of inventors and scientists. It has fostered the most far-reaching technological advances in the history of civilization."

It is our belief, shared by many, that one of the important factors in this growth has been our American system of rewarding the first to invent, as opposed to the European system of rewarding the first to file, irrespective of whether he was the first to invent.

A desirable corollary of a first to invent system is a grace period whereby the first inventor is accorded a reasonable time after publication or public use by him or others to file a patent application before he is deemed to have abandoned his rights to a patent. From 1839 to 1939 this grace period was two years. Since 1939 it has been one year. During this year, an inventor may develop his invention by building and testing it, determining its workability and salability, ascertain its patentability by searching the Patent Office records and carefully prepare his patent application with a complete disclosure of the invention. As we all know, a large part of this one-year grace period is often used up in first arranging financing to permit developing and patenting the invention.

AMERICAN BAR ASSOCIATION FAVORS RETENTION OF THE AMERICAN PHILOSOPHY

This basic American philosophy of giving the patent to the first to make the invention and giving him a year in which to perfect and protect his invention is we believe a far better way to promote the progress of the arts than is the European system of issuing the patent to the first to file. It is for this reason that the American Bar Association opposes Sections 102(a) and 102(b) of S. 1042, which repudiate our present philosophy of first to invent and propose to substitute therefor the European philosophy of first to file, sometimes referred to as the "race to the Patent Office" system.

This repudiation and rejection of our eminently successful American system is offered to us under the guise of "modernizing" our patent system. But modernizing presupposes something new, not merely a change from one old system to another old system. Perhaps, as President Johnson has said, "modernization of the patent system is overdue," but we fail to see one iota of modernization in Sections 102(a) and 102(b) of S. 1042 which would adopt as the fundamental basis for our patent system the basic features of the patent systems of countries which are far less advanced industrially than we are. In our opinion, it is a step backward and would be a serious detriment to our leadership in technology and our economy.

OBJECTIVES OF THE PRESIDENT'S COMMISSION

According to the President's letter of transmittal, S. 1042 was shaped from recommendations of the Commission on the Patent System. In the introduction to its Report, that Commission enumerated the following as its objectives:

- "1. To raise the quality and reliability of the U.S. patent.
- "2. To shorten the period of pendency of a patent application from filing to final disposition by the Patent Office.
- "3. To accelerate the public disclosure of technological advances.
- "4. To reduce the expense of obtaining and litigating a patent.
- "5. To make U.S. patent practice more compatible with that of other major countries, wherever consistent with the objectives of the U.S. patent system.
- "6. To prepare the patent system to cope with the exploding technology foreseeable in the decades ahead." Informed persons who have appraised S. 1042 in the light of those objectives agree that the objectives cannot be achieved by this proposed legislation.

SECTION 102 OF S. 1042 WILL NOT IMPROVE QUALITY OF PATENTS

Whether a patent is issued to the person who claims to be the first inventor or to the person who first files a patent application can have no effect on the quality and reliability of the U.S. patent. However, if the person who first files a patent application is stampeded into a race to the Patent Office, his application cannot compare favorably in quality or reliability with that of the inventor who himself, or with the help of his lawyer, after careful deliberation, submits to the Patent Office a document describing his invention to the best of his ability. Any patent issuing on a carefully prepared application will certainly be better than one issuing on a hastily prepared application.

If S. 1042 is enacted, all applicants must first submit hastily prepared applications to the Patent Office for fear that a competitor will beat them to it. Provision for the piecemeal preparation of numerous preliminary applications will compound the problems and contravene objectives of the President's Commission as will appear below.

SECTION 102 OF S. 1042 WILL NOT SHORTEN PENDENCY OF PATENT APPLICATIONS

If the Patent Office maintains its same standard of proficiency, the period of pendency of every patent application from filing to final disposition by the Patent Office will remain the same, whether the patent is issued to the first applicant to file an application or to the person who first made the invention. Much emphasis is placed upon the assertion that S. 1042 will eliminate interferences. Under the present statute, less than 2 percent of all pending applications ever become involved in interferences and constructive proposals will reduce that number to about one-half of one percent. Certainly, an efficient administrative agency can find some way of expeditiously disposing of the one-half of one percent of applications in which the priority of inventorship may be contested.

Contrast delays in one-half of one percent of pending applications involved in interferences with the probable delay resulting from the requirement that the Patent Office compare complete applications with one or more corresponding preliminary applications in order to ascertain effective filing dates of each claim. While the Patent Office may argue that such comparison is unnecessary in most cases, it will be necessary in every case which has overlapping subject matter. A study of copending applications in the Patent Office will likely reveal that more than 2 percent have overlapping subject matter, so the Patent Office will delay issuance of a greater number of applications than are presently involved in interferences. Patent Examiners will have difficulty applying a published application or patent as a reference because the effective filing date may depend upon several different preliminary applications. Added expense of examination will undoubtedly be passed on to the applicant.

SECTION 102 OF S. 1042 WILL DELAY PUBLIC DISCLOSURE

While S. 1042 pretends to accelerate the public disclosure of technological advances by providing for automatic publication 18 to 24 months after filing, in fact, public disclosure of worthwhile technical advances will be delayed beyond present practices. Certainly no one will dare have a public disclosure of any technological advance before a patent application is filed. Even if an inventor is given a personal right to publish his own work, he could not safely do so because he would run the risk of someone copying it and beating him to the Patent Office with a hastily prepared patent application. While he could, under S. 1042, incur the expense of resisting the issuance of a patent to the person who discovered his publication, he could not obtain a patent for himself.

S. 1042 affords larger organizations with the advantage of personnel and equipment the opportunity to outmaneuver the inventor in the smaller organization or the independent inventor. Under present law, which was evolved by the Congress of the United States after experimenting with first to file systems, a person may freely disclose his invention to anyone without fear of losing it. Critics contend that it may be difficult for him to prove the facts, but experience shows that the wider the disclosure by the inventor, the easier it is for him to prove the date of his own invention, should that proof become necessary.

Where an inventor publicly discloses his invention and relies upon the present patent laws to protect him, industrial espionage fails. Should S. 1042 be enacted, industrial espionage could well become the order of the day in order to thwart the individual or organization who is making the greatest contribution. Rather than accelerate the public disclosure of technological advances, elimination of the one-year grace period and issuance of a patent to the winner of the race to the Patent Office will compel inventors to shelter their ideas and inventions until a patent application has been filed.

SECTION 102 OF S. 1042 WILL INCREASE EXPENSE OF OBTAINING AND LITIGATING PATENTS

To measure the expense of obtaining and litigating a patent under S. 1042, let us consider the situation of a continuing development where it is estimated that at least three preliminary applications will be filed where only one application is filed today. Preparation of the three preliminary applications is an expense which the inventor today need not incur. Of greater consequence, may be the argument with the Patent Examiner as to the effective filing date of the final application. Actually, the effective filing date cannot be determined until the final claims are evolved and the final claims cannot be examined until the effective filing date is known. Patent Examiners will be faced with a situation of which came first. A reference may be effective against one claim, but not effective against another.

Normal proceedings in the Patent Office on this issue alone could well exceed the cost of prosecuting a patent application today. Even after the patent has issued, the question of the effective filing date of each claim may still be questioned in litigation and this is a matter which ordinarily is not involved in patent litigation today. Thus, issuance of a patent to the one who first filed a preliminary application supporting the invention can increase the cost of obtaining the patent and the cost of litigating a patent. Such added expense would likely occur in many more cases than are involved in interferences under the present law.

SECTION 102 OF S. 1042 SACRIFICES U.S. PATENT SYSTEM FOR SAKE OF INTERNATIONAL UNIFORMITY

A strong argument is made that most other countries issue a patent to the first to file a patent application. But let us examine the motives in those other countries. In the first place, in most foreign countries 30 percent or less of all applications are filed by nationals of those countries. Compared to that, of all applications filed in the United States, 70 percent are filed by United States citizens. One major objective of foreigners filing in their own countries is to obtain a date which will give them the best opportunity to obtain a patent in the United States. Under United States law, the best a foreigner can do is to file an application promptly in his own country. Hence, the filing date system in most other countries is motivated to a large extent to enhance the applicant's opportunity to obtain a patent in the United States. Making the United States system compatible with other countries does not have a parallel objective.

Those who argue that the majority must be right completely overlook the fact that foreigners are paying the United States almost ten times as much for patent rights, technical know-how, etc. as United States citizens are paying all other countries combined. That advantageous position is attributable at least in part to the unique features established by Congress in the present United States system. While all of the technological advances and industrial superiority of the United States cannot, of course, be attributed to those unique features of the United States patent system, it is our belief that this superiority is in substantial part due to the unique features of our patent laws.

SECTION 102 OF S. 1042 DOES NOTHING TO PREPARE U.S. PATENT SYSTEM FOR EXPLODING TECHNOLOGY

While no one can argue that it is desirable to prepare our patent system to cope with the exploding technology, what does the date accorded an inventor or the filing of his application have to do with such preparation and what does a grace period have to do with such preparation? No one will dispute that a worldwide library of all scientific and technological information will some day be available with high-speed retrieval systems placing such information within reach of anyone who wishes to inquire. But now is not the time to enact a patent law to take advantage of such a library; at such time as the universal library is available, the Congress will certainly take whatever steps may be necessary to take full advantage of it. To enact a patent law today which would destroy the equitable principles of the American system of rewarding the first inventor and require absolute novelty on a worldwide basis is to ignore the practicality of providing an incentive system in the world in which we live today. On the basis of the acknowledged leadership of the United States, why should we change any fundamental principle of the incentive system which has contributed toward that leadership?

Those who advocate a first to file system with elimination of any grace period are saying that such a system is the most compatible with a computerized, worldwide patent system. It is too early to predict that a worldwide patent system will be based on a first to file system as a matter of expediency, rather than a first to invent system which must have some bearing on the leadership enjoyed by the United States in the fields of technological and industrial development. Standardization of patents on a worldwide scale may some day come, but the Government of the United States should expound the advantages of the system which has benefited citizens of the United States and the world rather than standardize upon a system discarded by the United States but adopted by many other countries who lag behind the United States.

SUMMARY

The American Bar Association favors retention of the one-year grace period provided in 35 U.S.C. 102(b) because it gives the inventor sufficient time to perfect his invention before filing a patent application, even though it may be necessary for him to place his invention on sale or in public use in order to do so. In addition, it gives the inventor or his lawyer sufficient time to carefully prepare an application which makes a complete and adequate disclosure of the invention because he need not rush into the Patent Office in order to protect himself. Finally, the one-year grace period places no obstacle in the way of an inventor who wishes

to share his development with others, either by conversation, by discussion in seminars, by publication, or by demonstration.

For similar reasons, our Association favors issuance of the patent to the first inventor. Knowing that his rights are protected, the inventor and his lawyer may take sufficient time to prepare an adequate disclosure of his invention in the patent application; the inventor is free to share his knowledge with others knowing that anyone who endeavors to steal his invention will be unsuccessful; he may freely test it in cooperation with users of the invention whether or not there be a public exposure, because as the first inventor he can protect his rights.

Elimination of the one-year grace period and changing from a first inventor system to a first to file system will reward the speculative inventor who endeavors to blanket a field; will prejudice the substantive inventor who deliberately completes and tests his invention before racing to the Patent Office; will encourage industrial espionage by those who would endeavor to win the race to the Patent Office; and would prejudice those who are uninformed as to their legal rights, or who lack the resources to bear the expense of filing multiple preliminary applications in order to protect a worthwhile development.

Informed persons who have studied S. 1042, and particularly Sections 102(a) and 102(b) thereof, and who have endeavored to visualize the logical results of its enactment have reached two major conclusions. First, large organizations, staffed with personnel aided by computers, will have an advantage in deciding immediately whether to file a patent application or to publish the development in order to preempt a field; consequently, after some period of time, patents on most important inventions will be held by such large organizations because the independent inventor and smaller organization will lack the resources to protect their rights. Secondly, the expense of obtaining patents and enforcing them will be so greatly increased that patent lawyers will enjoy a monetary bonanza, incapable of measurement, but surely to occur. Inevitably, concentration of patent property in large organizations will reduce the value of patents as incentives to invent until the United States patent system becomes more of a fiction than reality.

As explained above, the American Bar Association is endeavoring to draft legislation which we believe will achieve the worthy objectives of the President's Commission but cannot complete its task until the Fall of 1967. We understand other interested organizations are likewise preparing alternate proposals. For these reasons, we respectfully suggest that the subcommittee continue its deliberations and defer its report to the full Committee on the Judiciary for a few months until we are able to complete the careful studies now under way.

Senator McCLELLAN. Thank you, sir.

Senator BURDICK. I want to thank the bar. I have enjoyed this exchange. I do hope you will come up with some positive solutions.

Senator McCLELLAN. I am going to try to hear another witness if he can get through in a few minutes.

Mr. Kamborian?

STATEMENT OF JACOB S. KAMBORIAN, PRESIDENT, INTERNATIONAL SHOE MACHINE CORP., BOSTON, MASS., ACCOMPANIED BY ALBERT GORDON, PATENT ATTORNEY

Senator McCLELLAN. Mr. Kamborian, have a seat and we will continue on here for 10 or 15 minutes.

Do you have a prepared statement?

Mr. KAMBORIAN. Yes.

Senator McCLELLAN. Would you like to submit it for the record and let it be printed in the record?

Mr. KAMBORIAN. I would like to submit it for the record and read it. It will only take a few minutes.

I would like to read it, too, if I may.

Senator McCLELLAN. All right, read it. It will not be printed in the record. We will print in the record what you read and what you say.

Proceed.

Mr. KAMBORIAN. My name is Jacob S. Kamborian. I am the president of the International Shoe Machine Corp., Boston.

Senator McCLELLAN. You have someone with you today. Do you want to identify him for the record?

Mr. GORDON. My name is Albert Gordon. I am the patent counsel of the corporation headed by Mr. Kamborian.

With the Chair's permission, I would like to sit alongside Mr. Kamborian.

Senator McCLELLAN. Certainly. I just thought you should be identified for the record if you should say anything or we should ask you something.

Proceed.

Mr. KAMBORIAN. I am from Boston, Mass., a long-time inventor.

From the grant of my first patent in 1925 through the present, 150 U.S. patents have been granted in which I was either the sole inventor or a joint inventor. There are presently pending in the U.S. Patent Office nine patent applications in which I am either the sole inventor or a joint inventor. Three hundred foreign patents have been granted to me or to my interests in 22 countries including Great Britain, France, Canada, West Germany, Italy, and Japan. At present 144 foreign patent applications owned by me or assigned to my interests are pending before the patent offices of 10 foreign countries. Most of the foreign patents and patent applications are based on U.S. patents or patent applications in which I am either the sole or a joint inventor. I have been able to found and build the company I head, with over 300 employees, by marketing machines that I invented or have been invented through a research program sponsored by my company.

The patent system has been good to me and I am grateful to it for enabling me to achieve whatever success I have attained thus far in my life. It is a testimonial to the American system that I could arrive in this country as a poor immigrant boy and be able to benefit as I have from the inventive contributions that I have made. I still dream of making further inventive contributions and also benefiting from them and for this purpose my company expends about \$500,000 a year or 8 to 9 percent of its gross sales on research and development.

I am appearing before you because I fear that our patent system, which has contributed toward making the United States the industrial giant that it is, is in danger of being undermined by the so-called patent reform bill of 1967. I refer specifically to the proposed elimination of the grace period and of the interference practice.

The grace period is the provision in our present law that gives an inventor 1 year from the first public use or sale or publication of the invention to file a patent application. The reform bill would substitute for this a system which would require filing a patent application before the first public disclosure or publication of the invention.

I am afraid that the people who dreamed up this reform did not have a realistic conception of how inventions are created, at least in my experience. They are not created full born in the bowels of a secret laboratory ready for instant exploitation. They are a series of faltering steps toward a practical commercial realization of a dream to do something better. Almost invariably the first step is a failure and

serves as a basis for the next step and the next step until sometimes, after many steps, a worthwhile product is made. This success, however, leads to further painful steps to try to improve the product. If one is fortunate enough to have a private laboratory, the initial steps can be performed in private. But it is only by testing the invention in the marketplace that one can really separate the wheat from the chaff and determine which ideas should be discarded and which to pursue further. After all, one does not know whether an airplane will fly, despite all the elaborate design and testing done in wind tunnels, until someone actually flies it, and only then can the bugs discovered in flight be corrected. We all know of planes that have been grounded after months or years of commercial use because of latent imperfections that were discovered. The reform bill would require that a patent application be filed on each step before it could be tried in public even though a good number of these steps are discarded after going through field trials. I feel that this reform would stifle creativeness, not encourage it. Aside from the waste of this procedure, it would be beyond the financial ability of many inventors.

The burden that would be imposed on both inventors and the Patent Office by the filing of patent applications before public trial of every experimental device would be enormous. It is well known that when Thomas Edison began studying the problem of creating a practicable incandescent lamp, he made more than 1,200 experiments before coming up with his great discovery of a lamp that contained a carbonized thread for its filament. Aside from the burden on Mr. Edison, can you imagine the confusion, expense, and needless paper shuffling that would have been imposed on the Patent Office if Mr. Edison had filed 1,200 patent applications based on his 1,200 experiments? If the reform bill has as one of its objectives the reduction of work of the Patent Office so as to cut down the size of the backlog and reduce the time it takes for a patent to be granted, this objective will not be realized by forcing inventors, because of the elimination of the grace period, to file applications based on inventions that are discarded after testing in the marketplace.

I remember well the first patent that I profited from, patent No. 1,919,660 filed in 1932 and granted in 1933, a copy of which is attached.

Senator McCLELLAN. This copy may be filed as an exhibit to your testimony. I will not make it a part of the record, but it may be filed with the committee as an exhibit to your testimony.

Mr. KAMBORIAN. Thank you.

(The document referred to will be found in the committee files.)

Mr. KAMBORIAN. This invention, which looks simple in retrospect, was to a heated iron used in a shoe manufacturing operation. At that time, I was working at operating a shoe machine in the Bancroft & Walker Shoe Factory in Boston. I experimented with various versions of this iron for a period of about 18 months, testing them on machines in this factory to judge their effect on shoes made of varying types of materials, before I came up with a satisfactory answer which became the subject of the patent. Since I could not afford the luxury of a private laboratory, all my experimentation took place in the public in a manner which would have barred the grant of a valid patent under the reform bill. Fortunately, at that time there was a 2-year grace

period. If the patent reform bill were in effect, I could not have obtained a valid patent, and perhaps I would not be here today.

In my business we service machines that we lease or sell to shoe factories. It is not uncommon for our service people to modify the machines because of troubles discovered in factory use. These modifications are frequently inventive, and because they are of necessity created in the public, would be barred from patentability under the reform bill. One example of this type of patented invention is patent No. 3,155,994, a copy of which is attached.

Senator McCLELLAN. That may may be filed as an exhibit.

(The document referred to will be found in the committee files.)

Mr. KAMBORIAN. This patent relates to metal wiper plates covered with an antifriction cover of Teflon. This invention was first reduced to practice by two of our men while experimenting in a shoe factory in Tennessee. I fail to understand what public good is achieved by excluding from the patent laws inventions created in this manner.

The elimination of the grace period would, in my judgment, be an invitation to steal for those so inclined. It is common knowledge that industrial espionage is rampant. What would be simpler, once a party has learned of a competitor's invention through fair means or foul, than to publish a description of the invention in a trade journal before the inventor has filed his patent application and thus deprive the inventor of his patent rights. Is this what you want?

I am aware that sections 105 and 120(a) of the reform bill attempt to mitigate the evils that would be generated by the elimination of the grace period, but I believe these to be traps for the unknowledgeable.

Section 105 theoretically protects an invention from disclosures made by another 6 months before the filing of the application if the inventor can establish that the disclosed subject matter was derived from the inventor in violation of an obligation not to disclose the subject matter. This may sound reasonable in theory, but may be difficult to prove and certainly would be useless with regard to a disclosure obtained surreptitiously and disclosed for the purpose of depriving the inventor of his patent rights.

Section 120(a) provides for a temporary application which could be filed within a year or a complete application. This ostensibly provides the inventor with a tool to protect his invention while he is perfecting it. Note, however, that the temporary application must include every feature claimed in the complete application for it to provide a priority date for the complete application. This temporary application may be of some use with simple disclosures, but how one can quickly file a temporary application on a complex disclosure, such as that in the attached patent No. 3,189,924, escapes me. It takes a patent attorney to study it for a few months to know how the machine works.

(The document referred to will be found in the committee files.)

Mr. KAMBORIAN. In addition, the temporary application would afford no protection for those inventions discussed above that are created in public.

The present interference practice has the purpose of awarding a patent to the first inventor where two or more inventors have invented the same invention. It is a complex, expensive proceeding which does

not always produce satisfactory results. However, imperfect as it is, the interference practice does work towards the desirable objective of awarding the patent to the first inventor. The reform bill proposes a cure which is far worse than the disease by the abolition of interferences and the awarding of the patent to the first inventor to win the race to the Patent Office by filing his application first.

This creation of a race to the Patent Office would inevitably force inventors to file hastily and badly prepared applications which would undermine one of the very purposes of our patent system, fully disclosing to the public how to make the invention in return for the grant of the patent monopoly. It is common knowledge that disclosures today in U.S. patents are far superior to disclosures in those foreign patent systems as, for example, Great Britain, France, and Italy, that have the "race to the Patent Office" built into them.

In addition, the abolition of interferences would afford an invitation to steal, to those so inclined. The winner of the race to the Patent Office would tend to be the "inventor" having the greatest resources at his disposal rather than the first inventor regardless of whether the winner of the race truly invented the invention or stole it from the true inventor. Perhaps, in a case of outright theft, the true inventor could, after great difficulty and expense, cause the patent granted to the winner of the race to be declared invalid, but, because he lost the race, he still would be deprived of his patent rights.

Gentlemen, with its faults, I believe we still have the greatest patent system in the world. Under it, as was the case with myself, a small man with a dream of doing things better can be rewarded for his contributions to our society. I believe it essential to the American system that these incentives be retained. I am of the firm conviction that with this "reform bill" in effect, a man who tomorrow is in the position I was in 35 years ago, would have little or no prospect of benefiting through the patent system as I did. Please do not let this happen.

Senator McCLELLAN. Thank you very much.

I take it you are against this first come, first served item?

Mr. KAMBORIAN. Very much.

Senator McCLELLAN. You think that it would, I gather from your testimony, cause people to rush in and file ill-prepared applications, and also be an incentive to some to steal the invention of others?

Mr. KAMBORIAN. Yes, sir, Mr. Chairman.

Senator McCLELLAN. And also prevent the perfection of patents that might become useful and also cause a lot of patents to fall by the wayside, so to speak; is that right?

Mr. KAMBORIAN. That is absolutely right.

Senator McCLELLAN. How many patents do you say you have secured for your own inventions?

Mr. KAMBORIAN. In the United States, 150.

Senator McCLELLAN. I do not know that I have have ever invented anything. I doubt if I could. But anyhow, congratulations. We do not want to do anything, I know the committee does not, that would do harm to people like you who, by your ingenuity and hard work, make a contribution to our country. But at the same time, we have a problem here of trying always to improve government and hold down

its expenditures and increase its efficiency if we can, because government is growing and we have to keep pace with modern technology and conditions.

I appreciate your appearance here. I am glad to hear from somebody first hand who really invents something.

Mr. KAMBORIAN. The other Senator asked how can we improve it, there is an evil in this backlog of 2 years or more. The backlog was there when I first started, over 35 years ago. But one way of improving it, may I plead, when we have a production problem, we hire more men. Hire more examiners.

Senator BURDICK. Just money?

Mr. KAMBORIAN. Well, inventions make money.

Senator BURDICK. On these 150 inventions that you have made during your lifetime—I congratulate you, too—would you have lost any one of them under a first-to-file theory?

Mr. KAMBORIAN. Do you really want to go through that, Mr. Senator? I have had long years of experience in this thing.

Senator BURDICK. Under the first-to-file theory, would you have lost one of them?

Mr. KAMBORIAN. In the foreign countries, yes.

Senator BURDICK. Let us talk about America now.

Mr. KAMBORIAN. Under this, yes; I would have lost many of them. Not one, many of them.

Senator BURDICK. Why?

Mr. KAMBORIAN. No. 1, if I am not the inventor and I take your idea to the Patent Office and apply for it, if I am so inclined, why should I take it?

Senator BURDICK. Did you have any competition with anybody else in any of yours?

Mr. KAMBORIAN. Much, much.

Senator BURDICK. Was there a question of a race to the Office?

Mr. KAMBORIAN. A question always of a race to the Office, even within a 1-year period. Even in the 30's, there was 2 years.

Senator BURDICK. Well, have you been involved in an interference lawsuit?

Mr. KAMBORIAN. Yes, Mr. Senator. I spent more than 30 years of my life in courts.

Senator BURDICK. Did you win them all?

Mr. KAMBORIAN. I think so. Maybe I lost—I do not remember losing any.

Senator BURDICK. Well, if you had had this provision, S. 1042, and there was no interference, how would you have fared? You seem to have spent a lot of money during that period.

Mr. KAMBORIAN. Since the "reform bill" would be in effect, in the first place, it would be doubtful if I got the patent.

Senator BURDICK. Is there any case that you can think of where somebody else filed first and beat you out that way, would have beaten you out?

Mr. KAMBORIAN. Yes.

Senator BURDICK. How many times?

Mr. KAMBORIAN. One very important one.

Senator BURDICK. He filed first?

Mr. KAMBORIAN. Yes.

Senator BURDICK. Was this a case of stealth?

Mr. KAMBORIAN. Yes.

Senator BURDICK. All right; under S. 1042, you have recourse in courts for stealth.

Mr. KAMBORIAN. But under better protection, I would fight like the dickens and waste thousands of dollars to keep what is rightfully mine.

Senator BURDICK. I know.

Mr. KAMBORIAN. It goes back to the decree that I should have the patent.

Senator BURDICK. Under the present law, S. 1042, if somebody steals your idea, you have recourse there, too, you know.

Mr. KAMBORIAN. Ah, but public disclosure bars it, too.

Senator BURDICK. This is the grace period. This is something else now. I am just talking about the first to file.

Mr. GORDON. May I?

If I may, my name is Albert Gordon. May I give a specific example which I think will answer the question?

Senator McCLELLAN. If you can give us an example. Have you been his attorney in these matters?

Mr. GORDON. I have been Mr. Kamborian's attorney for the past 7 years. I am familiar not only with the events that took place during my period of employment, but many events that took place prior to my period of employment.

Senator McCLELLAN. What was your association with him or relation to him prior to your employment as his counsel?

Mr. GORDON. I was an examiner in the Patent Office.

Senator McCLELLAN. You were an examiner in the Patent Office?

Mr. GORDON. Yes, sir?

Senator McCLELLAN. Why did you get out? I did not mean to embarrass you.

Mr. GORDON. No, I am not at all embarrassed. At one time I was going to be a career employee in the Patent Office. I stayed there for 11 years before I left. I got out because I wanted to make a little more money. I am not ashamed of it.

Senator McCLELLAN. As I say, I did not mean to embarrass you. You got out because you wanted to go into practice as a patent attorney; is that right?

Mr. GORDON. Yes, sir.

We had a situation in which I am not going to impute any evil motives to anybody. But it was a situation that was created by this race to the Patent Office system, which I fear could very well be created under the adoption of S. 1042.

Mr. Kamborian, during his early years, during his struggling years, when he was trying to establish his company in an area—in a field where there is fierce competition from an established company in this field of shoe machine manufacturing, created a device, got a patent on an improvement which was filed in the U.S. Patent Office prior to the disclosure and filing of a U.S. application by one of his competitors. There is no question there that as between the two parties, Mr. Kamborian was the senior party. There is no question that as between the two parties involved, with this particular invention—I do not have the specific data with me—Mr. Kamborian was the senior party.

Senator BURDICK. In other words, he filed first?

Mr. GORDON. He filed first. He got the patent. The patent was a

basic landmark patent to the building up of his company and established what the Patent Office is supposed to establish, an umbrella for him to profit from his invention during the 17-year period, which expired about 2 years ago.

Now, I am not trying to say that what happened was evilly motivated. It was certainly done well within what was provided and allowed by the laws of the countries involved. At this time, Mr. Kamborian could not afford to or decided not to file a convention application abroad. His competitor did file a convention application, which, as you know—the country I am referring to is Great Britain. So, as you know, the convention application in Great Britain took the effective filing date of the U.S. application, while Mr. Kamborian's nonconvention application did not take the effective filing date of the U.S. patent. This was a business judgment he made. He suffered from it.

The point I am driving at is Great Britain has this first-to-file system, has this race to the Patent Office system. As a result of that, even though Mr. Kamborian was undoubtedly the first inventor as a question of morality or ethics, in Great Britain, this very same invention which he used to build up his company in the United States was foreclosed to him in Great Britain because his competitor on the invention won the race to the Patent Office, got a patent valid under British law which ironically prevented him from practicing his own invention in Great Britain.

I am not saying there is anything unusual about this.

Senator BURDICK. This is dealing with international comity. But as far as the United States is concerned, he was protected.

Mr. GORDON. He was protected because he had the law under title 35. What I am doing is giving you an example, perhaps not the most perfect example in the world, but an example of what can happen and did happen in a country that had and still has a first-to-file system.

Senator BURDICK. If we had an international arrangement there, this would not have happened. But as far as the United States is concerned, he would have had adequate protection.

Mr. GORDON. If he was lucky enough, as he was at the time, to win the race to the Office in the United States.

Senator BURDICK. You said he was.

Mr. GORDON. He could just as well not have been. He was lucky.

Senator BURDICK. That is my point. I do not think he could be hurt by S. 1042 at any time in the United States.

Senator McCLELLAN. Anything further?

Thank you very much.

The committee will stand in recess until 3 o'clock. Maybe we will be a little later than that. But we will try to get to it.

(Whereupon, at 1 p.m., the committee recessed, to reconvene at 3 p.m. the same day.)

(Subsequently the subcommittee received two communications from Mr. Kamborian and by order of the chairman are printed as follows:)

INTERNATIONAL SHOE MACHINE CORP.,
Boston, Mass., June 20, 1967.

MR. STEPHEN G. HAASER.

Chief Clerk, Subcommittee on Patents, Trademarks and Copyrights, Senate Office Building, Washington, D.C.

DEAR MR. HAASER: I enclose herewith the copy of the transcript of my testimony and that of Mr. Gordon forwarded with your letter of June 6, 1967, with corrections made in red pencil.

I want to take this opportunity to amplify the testimony appearing on pages 194-200 of the transcript showing how I was hurt by the first to file system existing in Great Britain. For this purpose I enclose the below listed three U.S. patents and the British patents corresponding to the U.S. Patents. U.S. Patents Nos. 1, 2 and 3 respectively, correspond to British Patents Nos. 1, 2 and 3.

U.S. patent	Patent owner	Filing date
1. 2,438,917.....	J. S. Kamborian.....	Dec. 30, 1943
2. 2,397,369.....	United Shoe Machinery Corp.....	Feb. 17, 1944
3. 2,455,694.....	United Shoe Machinery Corp.....	Nov. 17, 1945

British patent	Patent owner	Effective filing date
1. 608,190.....	J. S. Kamborian.....	Feb. 18, 1946
2. 585,121.....	British United Shoe Mch.....	Feb. 17, 1944
3. 618,844.....	British United Shoe Mch.....	Nov. 17, 1945

All the patents deal with a shoe lasting machine in which a rotating wiper wipes or folds the lasting margin of an upper against an insole. In the United States, I was the first to file, and, as was proven in litigation between United Shoe Machinery Corp. and me, I was the first to invent. In Great Britain I did not file a Convention Application, while my competitors, British United Shoe Machinery Co. did. Therefore, my competitors won the race to the British Patent Office and obtained patent coverage which dominated the invention of my British patent. As a result, my British licensee, the Ralphs Engineering Co., was compelled to pay patent royalties to British United for making machines incorporating an invention that was unquestionably invented first by me. Later we designed around my own invention so that we could stop paying patent royalties to British United.

Our present patent law is based on the philosophy of awarding the patent monopoly to the first inventor who exercises reasonable diligence in filing his application. The British patent law is completely unconcerned with who the first inventor is and grants the patent monopoly to the first to file. Indeed, for inventions conceived outside Great Britain, the British patent is granted to the first to file regardless of whether he truly invented the invention or stole it. It is my feeling that the "Patent Reform Bill" is going in the direction of the British patent philosophy and would result in injustices such as the one referred to above where I had to pay royalties to practice my own invention and then design around my own invention so that I could terminate the payment of royalties.

I am having a study made to see if I can present you with other examples of how I would have been hurt in the past if the "first to file" system were in effect in the United States, and will give you the results of this study at a later date.

If the Subcommittee feels that it would be helpful, Mr. Gordon and I would be happy to testify further at the Subcommittee's convenience.

Yours very truly,

J. S. KAMBORIAN.

(Enclosures referred to will be found in the committee files.)

INTERNATIONAL SHOE MACHINE CORP.,
Boston, Mass., September 13, 1967.

Re patent reform bill S. 1042.

Mr. STEPHENS G. HAASER,
Chief Clerk, Subcommittee on Patents, Trademarks, and Copyrights, Senate
Office Building, Washington, D.C.

DEAR MR. HAASER: The study referred to at the end of my letter of June 20, 1967, as to examples of how I would have been hurt in the past if the "first to file" system were in effect in the United States, has now been completed. Pursuant to this, I enclose a copy of my patent No. 1,920,083, and of Patent Office interference No. 62,554.

The interference was concerned with a conflict between my application Serial No. 484,553 filed September 26, 1930, and patent application Serial No. 494,152 of Charles F. Pym whose effective filing date was January 12, 1929. Despite the fact that I was the junior party by approximately 20 months, the interference was resolved by a concession of priority by Pym to me in Paper No. 42 of the count that became claim 14 of my patent No. 1,920,083.

This, I believe, effectively rebuts the statement made by Senator Burdick during my testimony before your subcommittee on May 18, 1967, that I could not "be hurt by 1042 at any time in the U.S."

The relatively late filing of my patent application towards the end of the then existing two-year grace period was due, at least in part, to my not being able at that time to afford the service of a patent attorney. Had the grace period not been available at that time and if the first to file system was then in effect, I certainly could not have obtained my patent.

Yours very truly,

J. S. KAMBORIAN.

(Enclosures referred to will be found in committee files.)

AFTERNOON SESSION

Senator McCLELLAN. Come to order.

Mr. Rabinow, will you come forward, please?

STATEMENT OF JACOB RABINOW, PRESIDENT, RABINOW ENGINEERING DIVISION, CONTROL DATA CORP.

Mr. RABINOW. Good afternoon, Mr. Chairman.

Senator McCLELLAN. Good afternoon, sir. Do you have a prepared statement?

Mr. RABINOW. I have submitted a prepared statement, Mr. Chairman, but I would prefer not to read it. I would like to have it entered in the record.

Senator McCLELLAN. We will insert it in the record and you may comment upon it, highlight it, submit any further evidence or statements as you wish.

Mr. RABINOW. My name is Jacob Rabinow. I am president of the Rabinow division of the Control Data Corp., and our offices are in Rockville, Md.

I want to thank you for this opportunity to be heard. I am honored, and I might say I am very nervous and I hope you will forgive me if it shows up.

Senator McCLELLAN. Well, let us ease your nerves. We are all humans trying to do a little job up here, and we need your help. Put yourself in that position, that you are helping, will you, and you will not be nervous.

Go right ahead.

Mr. RABINOW. My qualifications for being here, and I suppose you will forgive me for boasting, are that I have two degrees in electrical engineering. I worked for 16 years in the National Bureau of Standards as an engineer, and had various positions there. I ran my own small company for 10 years, from 1954 to 1964. At that time the company was assimilated, absorbed, by Control Data Corp. and I am now president of the same company which is now a division of Control Data Corp.

I have had 176 patents issued to me in the United States. I have some—I do not like to put it this way, about 2 dozen more pending.

Senator McCLELLAN. How many?

Mr. RABINOW. Maybe 20 or 30 more pending.

Senator McCLELLAN. I thought you said 2,000.

Mr. RABINOW. No, 2 dozen. I am sorry. Thank you for the implied compliment.

I have quite a few patents in foreign countries, I do not know how many.

I am a member of the Inventors' Council of the Department of Commerce, and I am a member of the Advisory Committee to Commissioner Brenner. I have received a great many honors of various kinds for my work in the Government, mostly concerned with weapons. I will not read them. They are in the statement. I am not particularly modest, but I have trouble reading my own honors.

I wear the pin of the Department of Commerce—I notice there is another one over there—for exceptional service. Mine was given for an invention. Now I will get to what I would like to say.

I have been an inventor for some 50 years. I invented the first gadget when I was eight and discovered the Romans had beaten me to it by some 20,000 years. I have since then done better now and then, but not always.

I have known a great many inventors, of course, and I work with many now. I would like to impress upon you that an invention is not just a piece of economic property. It has other aspects. There is the question of achievement, of social value. Inventions do not necessarily have only money values. There is also a question of glory, awards in nontangible form. All these things have to be considered when you pass a patent law that is going to affect our incentives.

Again, please forgive me for sounding immodest, but an invention is very much like a work of art. A great deal of it is routine. A great many inventions are just improvements which are necessary in business and are not great. Among these, now and then you have a rare and good one. This is very much like mining diamonds. You have to dig up a lot of industrial diamonds for the few which may be gems. And you have no way of knowing in advance whether an invention is going to be important or valuable because this is a matter of luck. It depends on what happens. It depends on to whom. A hairpin or a paper clip may be very important to the man who makes hairpins or paper clips, and it may be a trivial patent to a computer manufacturer. When I hear people talk about trivial or important inventions, I always wonder whose point of view they are taking. To a man who makes hairpins, the convolutions of a hairpin may be very important indeed. To the man who makes automobiles, they may not be so important.

The U.S. system of patents, under which I have lived so long, is a very good one, because it is an inventor-oriented system. The whole concept of justice in our patent system is based on the inventor. He is the one who gets the patent. This is not true in Europe, where patents are not inventor oriented. There they are oriented to the manufacturer or to the businessman. The inventor is the hired hand who sometimes does something useful. I think this is one of the reasons why our patent system has been so successful and our industrial base is so good.

There is no doubt that all of us want better patents, all of us want higher quality patents. I will say something later about how to raise the quality.

I listened to Judge Rifkind yesterday and some of the others who testified. I had the same feeling that I guess a sane man has in an insane asylum. He is not sure who is crazy. I had the feeling that my ideas about patents up to then, were obviously wrong. This bothers me very much. For example, there was a continuous notion yesterday, throughout the testimony, that the patent system in the United States is breaking down, that the small businessman suffers, the inventor does not get his rights, that the pendency is too long, that interferences are horrible. Mr. Hollomon pointed out that interferences are very trivial. Judge Rifkind pointed out that they are an expensive item. I wish the manufacturers of the bill would make up their minds whether they are horrible or whether they are trivial.

I do not believe that the patent system is breaking down. I do not believe that there is any ground swell of opposition. I have heard no great objections to the American patent system. I do not know who started this idea that we have to modify it. Nevertheless, I think it is a good thing to look into things like this and perhaps modify them.

Senator McCLELLAN. I understand that generally your position is that our patent system under the present laws are all right.

Mr. RABINOW. I think they are very good. I do not think they are all right.

Senator McCLELLAN. All right, they are very good, and you do not think this bill will improve them?

Mr. RABINOW. If you will forgive me, I would like to say this ahead of time, that I am supporting the first-to-file with a great many reservations and many exceptions to the proposal, not that I think we need the first-to-file or that there is anything wrong with the present system, but because I believe in improving the international patent situation, because it is a mess. International patents are very expensive and because most of us do file abroad, I think the first-to-file may help. May, if we believe what Mr. Hollomon and Mr. Brenner say: that it is perhaps important to get the first-to-file to make our system be in line with others. But there is a price we shall pay for this, without any question. I shall get to that if you will let me.

I think that this business of "quid pro quo," that the Supreme Court has ruled that the thing the inventor has to do is disclose the invention as quickly as possible and for this he will get a monopoly. I think this is a misreading of the laws of the land. I think that, no doubt, disclosure is important. But what is more important is putting the invention into use, the development, the sweat and blood, so that eventually the public will get the benefit. I think disclosure is a very small part of this. If the Constitution wanted us just to disclose so that we could get a monopoly for that, it could say publish it and we shall give you a monopoly. This is not the case. It says get into the market and we shall give you a monopoly. Be diligent in putting it on the market. Not just to publish, but to put into use, this is the essence of our system.

I would like to misquote Judge Rifkind, if I might. He said that, with respect to the Patent Bar individually, he likes to drink with

them, he likes to play golf with them and some other things, but that together they did a pretty terrible job on their recommendations. I would like to say this about the Commission. I know them individually; they are friends.

Senator McCLELLAN. You just return the compliment.

Mr. RABINOW. But when they got together and wrote the recommendations they did a terrible job. I think it is a disservice to the country. I think the President's Commission did a terrible job of recommending. I think that the point of view was biased in favor of large business, of which I am a member now, too, biased against the small inventor, biased against all inventors. The damage will be less to big business than to small inventors, but there is damage to all the patent people who are involved.

I think the trial lawyers—and, if I had a patent case, I would like to have Mr. Neuman on my side—I think trial lawyers are too much concerned about the cost of litigation. There is no proof that there will be no litigation, anyway. I think they are more worried about that than about protecting the inventor. I think the Commission should have concerned itself with two basic questions. One is: What is an invention? what is obvious? what is not obvious? what is new?

It is obvious that when a man invents a cure for cancer, he has something new, but in many inventions, the newness is nowhere near as simple as that. I would like to see the Commission address itself to a good definition of obviousness, of invention, of novelty, of doubt, things which are subjective and hard to define. It would help.

Another thing with which the Commission should have concerned itself is, is the present patent law fair in this sense: Does it give the inventor enough rewards, enough incentives? When I speak of an inventor, remember, please, I am not speaking of him alone; I am speaking of his backers, of his employers, of the whole group that backs the inventor. Is the present law such as to sufficiently reward him and his backers? Does it provide a fair return to the inventor, on the whole, or should he get more than he gets today?

I could take the position that, perhaps, he should get more rewards, more incentive, longer terms of patent, more protection, and that the infringer should get less. Or, perhaps, the inventor should get less. These are things that are concerned with public policy, and the Commission did not have anything to say about this. They stated some platitudes that the U.S. system is good, that the U.S. system has succeeded for a long time. Then they proceed to clobber the inventor.

I do not understand why they had to take the position that in order to clear up the laws, you had to cut down the rights of the inventor. Almost always, the rights of the inventor will be reduced through the recommendations, and the rights of the infringer will be increased.

Let me say that there are troubles with our present system. The troubles reside mostly in the Patent Office. In this way: The Patent Office is understaffed. You have heard this several times today and yesterday. They need more people. They need people of much higher training. The arts are getting much more difficult to search and examine. They need better space, they need better facilities. This is always so. What is happening today is that the electrical arts, the mechanical arts, the biological arts, the nuclear arts are interrelated.

Things are not as simple as they used to be in the time of Edison or in the time of Jefferson when one man could really know all there was to know about one thing. Today the electrical engineer has to know mechanics, he has to know nuclear physics, he has to know solid state physics. It is hard to tell where an invention begins and where an invention ends.

I can tell you of cases where one could not tell whether an invention is biophysics, biochemistry, or just plain engineering. This is where an examiner needs more time to search, where an examiner has to have better training.

This is, of course, the difficulty with the Patent Office. They have a great deal of difficulty keeping up with the arts. Their salaries are not now competitive with the industry. The average life of the examiners in the Patent Office, we heard today, was 5 years, but this is misleading. In the computer arts, it is shorter. I remember 2 or 3 years ago, when half of a division quit at one time, the computer division, because they had wonderful offers from industry. This is a tragedy to the Patent Office, because this is the kind of art where training is harder and longer. I think you, gentlemen, are the only ones who can help in this, and I think the answer is fairly obvious. No system would be better than the examiners, of course.

Another difficulty the Patent Office faces is this business of world patent rights. There is no question that half the patents of the world are duplicate patents: 30 percent of the filings in our Patent Office are being done by foreigners. In some countries in Europe, 80 percent of the patents are duplicate patents filed by us, U.S. citizens. This is a tragedy in a many ways.

I know an inventor who has just invented a new washing machine designed specifically for use in underdeveloped countries. He has filed initial patents in 55 countries. This will cost him some \$55,000 for initial filings.

I had some experience in this matter when I invented a magnetic fluid clutch. I filed in 22 countries, 42 patents. It cost my brother \$37,000 for initial filings. It cost my brother that much because I did not have enough money. We made a couple of bucks on it. We sold the foreign rights in such a way that I came out with \$26,000 for all my work and effort on that magnetic fluid clutch. I am better off today than I was then, but not because of that particular invention. But 42 patents takes an awful lot of money. If we had gotten into interference or legal troubles, it might have gotten into tremendous sums of money. So I think it is important to do something about international patents.

Because I like the international patent agreement idea, because I have believed for many years that something has to be done about getting an international system working, I support the first-to-file, but with a great many misgivings and a great many protections which I would like to see written into law. First-to-file would make it possible for our system to agree with other countries.

If it were not for an international patent system being desirable, we could keep our system more or less intact and not give the right to the first-to-file to be called the inventor. It is not at all certain that we shall ever have an agreement with foreign countries.

I remember, many years ago, I wrote to Adlai Stevenson and suggested that the United Nations issue a patent for the world.

or try to do so. I have a very elegant letter, which says that this is just a dream, the countries will never give up any sovereignty and there is no use trying. Apparently Mr. Holloman and Mr. Brenner, whom I like very much and with whom I work quite often, feel there is a hope now. If there is hope, it is worth a try. But the first-to-file will change our system in very basic ways.

I do not say that all of the proposed legislation is bad. There are things about it I like, but many of the things are anti-inventor, and as Mr. Arnold said, they are also antireturn on investment of capital. I think in almost all cases, they favor the infringer.

Let me give you an example. Let us assume that I invent something useful, something which I think is pretty good. The present system gives me time to think. The present system allows me to talk to customers to see how they react. Under the present law, I am not afraid of somebody stealing it or getting it into the Patent Office, because I am diligent, I will file within the next year or two, I will have a little time to improve it and get some improvement patents filed. If I do get into interference, which is entirely possible, and a crook has run to the Patent Office, I shall be able to ask him questions, there will be cross examination. I can say, "Where did you get it?"

An out-and-out thief may still fake his books, and there are probably some things like that that are done. But a semithief, a man who just gets the idea from me, who is thinking of something similar, will be wary about stealing my idea because he knows that there will be interference, that there will be questions on both sides and testimony will be taken. That testimony will enable me to find out if he stole. It is not like Judge Rifkind says, that you can always tell who steals from you, just like you can tell when he steals a check. A patent is a nebulous thing. Even if I know he stole it, I do not just sue him. Interference is not like this. You can ask all kinds of questions without taking him into court. It is a simple procedure. I have been in a few of them, and I think it keeps us honest.

Let us say that I am under the new system. I am under great pressure to file quickly. So I pressure my patent attorney and we file a preliminary or a final application. If it is an invention that requires a long application, like a reading machine or a computer, you cannot file a preliminary. The attorney has to have 2 or 3 months to make some kind of search, prepare a 50- or 100-page application with drawings, because you cannot put anything into words with things like electrical circuitry. You can, but it will take another 200 pages of text. My attorneys tell me that they may as well file the final.

If it is a simple thing like a can opener, they might as well file the darned thing and be done with it, because you have to support the final claims. The bill is very clear about this. It is not like the Commission's report which says that a rough description by an illiterate inventor is all you need. It has to be well enough drawn so that you can support the claims. Mr. Brenner tells me that very few preliminaries will be used, that very few will be looked at. But I cannot know in advance which will be looked at, and I will have to file them so that I can support my claims later. As far as I am concerned, I would rather not have preliminaries.

I think the inventors in all big companies are told definitely: File first and speak later. I asked Dr. Bardeen, who is a member of the Commission, "When did you speak about the transistor?" He said, "I spoke about 3 months after we filed." Because most of us do file in foreign countries, I think that we file first and speak later. I think preliminaries are not important. In any case, I do not feel very strongly about the preliminaries.

Let us assume that I filed the final application. It is on file. Let us assume that another inventor filed at about the same time, or after me, on basically the same idea, but with some difference. Today, I can ask him questions and he can ask me questions—how did you get it; when did you conceive it? And if I smell that he stole it or heard of the idea from one of my employees, I can get a detective on the job. But if I see that he has good evidence, I usually would not question him. I have been in this situation three or four times out of 176.

Usually, the evidence is so great, notebooks are so good, so many attorneys are involved that I never did have any doubt that the other man was perfectly legitimate, and we usually settle it on the evidence; we do not go to court. I have never been in court over an interference. But my feeling is that interference is much exaggerated. But under the proposed system, if he files first, I lose; if I file first, I win.

But suppose I do lose the argument and I was the first to file. What happens next? Here I would like to see a limited interference, to see if the other fellow is honest. I want to know what claims he has and what claims I can copy from him, because claims should be copied. If he has better claims than I have or broader ones and I was the first to file, I should be able to copy his claims. If my claims are better than his, he should have mine to copy. The Patent Office should have interferences to determine first, the derivation of the invention; second, the question of which claims are whose, and finally to prevent the pressure on me from filing too fast.

OK. I get the patent filed. I will be first to file. What happens next? According to the proposed legislation, they publish. They publish not when the claims have been allowed and we know exactly what I have as the invention, but 18 months after filing. There is a great deal of fuss made today about this pendency of 3.5 years, average. Yet by the Commission's own report, they expect the patents will not be issued before 18 to 24 months. They expect the pendency to remain 3 years, and I think it will.

I do not think that the bill will make any difference for the Patent Office as far as pendency goes. I suggest to you gentlemen, I urge you, not to permit this early publication to happen, because a published application without claims allowed is a piece of nonsense. The description describes much more than an invention. It does not say what is new and what is old, because until the claims are reduced to the final form, no one knows what is new and what is old. That is what the invention is, what the claim says, not what the description covers.

So if you publish the unallowed claims and the description, all the outside parties know is that you have some kind of pending case. They do not know what the Patent Office will or will not consider, they do not know what the Patent Office will find in its art. So you ask outside parties to submit. They will not submit anything, or if they submit, it will be junk, because the Patent Office already has most of the art.

It is a very rare case when the Patent Office does not have the pertinent art. That is what we are interested in, to help the Patent Office if they miss something, not to throw in all sorts of regular art and say, look at our submission. They know the regular art perfectly well.

I think the only thing to do that makes any sense is to publish after the claims have been allowed and before the patent is issued. I support publication before issue. It is not a panacea, it will not cure everything, but it may help. I have seen patents issued where I knew the art and the Patent Office did not. This is obviously possible, since I worked in this particular field for 30 years. It would be nice, I think, if an outsider could send in a letter saying, Why do you not look in New Mexico, such and such organization is using this gadget, or it is used in Germany and I happen to know the reference? I think it is well to let third parties come in. If I do not know what the applicant has had allowed, I do not know whether he has an invention. I do not know which part of the stuff is new or old. So I think that the third party opposition should happen after the claims have been allowed.

Well, suppose I got this patent. Under the new bill, the third parties came in, they have sent in the evidence, the Patent Office has reviewed it. Now I feel pretty sure that I have a good patent, because I have come through opposition proceedings and nothing has happened. I have the patent allowed; in 6 months I shall have it. I do get it. Does this mean I am out of the woods? No, sir; because under the proposed law, for 3 years I do not know where I stand. Any competitor who knows the patent does not have good valid claims because he has some art and he did not come in with it, nothing forces him to come in, may be keeping quiet. He lets me spend a lot of money, lets me start to sell the invention. Over me hangs this sword of Damocles. He can let me go to market and then he can come in with a perfectly good piece of reference which was found in a tomb in Egypt and say, Look, the Egyptians had it. He knocks the patent out.

This is a farfetched case, but he can certainly know there is a publication in Russia, in Germany, in Poland, and he knocks me out. I want to know where was he all the time, why did he not come in before I spent a lot of money? Judge Rifkind calls this a poor man's appeal proceeding. Judge Rifkind is going to protect me. If this is protection, I ask God to protect the inventor from people who want to protect him. I do not want protection like this. If my patent has been issued by the Patent Office, that should be it as far as the Patent Office is concerned. They have had their say, they have published the application, opposition was permitted, I want my patent.

Incidentally, he does not even have to come within 3 years. He can deliberately sit on it and clobber me years later.

Anyway, I get the patent. Three years have gone by. I could not sell it, nothing happened, or something happened and I overcame it. My attorneys have charged me money for these things. They charged me for the preliminary filing; they charged me for the final filing; they charged me for the full prosecution; they got the claim allowed; they had to fight the opposition. The patent issued, more opposition came in, the attorneys charged me for that. But I finally overcame all that. Three years have gone by. Am I clear now?

No, I am not clear now, because anybody can start infringing, having beautiful art all the time, having kept quiet because he wants to

see what I do with my gadget. He forces me into court because I threaten to sue him and he argues validity. Because he has good art which he was not forced to submit before this, he hits me in court with this good art. I lose. It is automatically out of the Patent Office; the patent has been lost.

I say this is kind of a dirty trick on me. The infringer had this knowledge all this time and nothing forced him to disclose it at any time during the proceedings. In fact, if he is smart, he deliberately keeps it just for this purpose and then he hits me.

Now, suppose I win even in court. My attorneys are good; I have Mr. Neuman on my side. We win the case, and it is held valid and infringed. Does that mean I am protected? No, sir, because for various legal reasons, another man can infringe, I assume in another circuit because that is where he happens to operate. It is held valid.

Does that mean I am safe? No, sir. This can go on forever. Any infringer can force me to take him to court, and the last infringer can win and the patent is held invalid. I am thrown out of the Patent Office and I lose all my rights. I can win 10 times and lose the last time and the infringer only has to win once.

Senator BURDICK. Are you aware that in the new bill there can only be one lawsuit?

Mr. RABINOW. Only if I lose, sir, not if I win. The bill says if I lose and it is held invalid, I will lose the case for good. But if I win against this man and it is held valid and infringed, then there is nothing to say that another man cannot infringe me and I have to sue him separately. Judge Rifkind made a special point of it, that if I have my day in court, that settles it. But after all, not every one of the infringers has his day in court at the same time. Each one has to have his days in court. If each one of them has his day in court, 10 of them, I end up with 10 days in court, too. I can suggest ways to get around this, but the bill—

Senator BURDICK. What do you suggest?

Mr. RABINOW. If the patent is held valid and infringed, they argue this is not fair to some third infringer, because I may have deliberately picked a weak opponent. I suggest this, that if infringement suits can be tried in only one court—I like the CCPA, because I think it is a court of great expertise, and apparently the bar agrees with me, let the cases be tried there—let other infringers come in, be parties to the one case. When I have my patent tested for validity, let them all fight with me at the same time. If they do not win, I should have the patent uncontestable for the rest of the patent's life.

Another thing that can be done is if the patent is held valid twice, let it be valid for good. In other words, assume that I fake one case. If a court permits me to try a case deliberately in such a way as to fake it, I think the court is to blame. It is not cheap to take a case to court, as I am sure you know. I have been involved only indirectly in one court case, and the case cost \$50,000 to General Time, my licensee. The Commission does not talk about infringers harassing inventors; they worry about the inventors harassing infringers. It cuts both ways.

Incidentally, I make definite recommendations in the written statement which I am not giving here, but there are things which can be

done and they are spelled out. Lawyers can do better than I can about this, but I think something should be done by which the inventor should win as well as he can lose.

Suppose now I have fought the case in all the courts and won. Does that mean I am free? No, sir, because there is another hooker in the proposed law. That is the fight between the antitrust provisions and the provisions of the monopoly of a patent. I happen to like the antitrust provisions of our laws tremendously. I think it is the thing that keeps the small companies from being clobbered out of existence by our giants. I would not for a moment suggest that the antitrust laws be changed in any way. I think there are difficulties in interpretation of the law which, my attorneys tell me, is quite subtle. But I do not like the fact that the Department of Justice does not want you men of Congress to pass on this matter. This was recommended by the Commission, that you at least look into this.

What are my rights as an inventor? I have a monopoly. The invention is not, as Judge Rifkind said, a product that automatically belongs in the commerce of our basic free society. It is a product that I created, let us say. It is a product of a man's brain. If that is so, giving me a limited monopoly for 17 years does not take it away from anybody else. I would say that it is the Congress duty to clarify the question of monopoly so that I know what my rights are. I should know, after I have gone through all the travail, what sort of licenses I can issue legally and what I cannot.

I do not think the Justice Department is fair about it. For example, they say "I should not have," and I am quoting Mr. Turner now, "the right to take a machine that makes glass things and license one man to make glass things for one industry and another man to make glass things for another industry." And I wonder why not. The monopoly is complete and total to me. I invented the machine.

He says, in a rather naive way, that if I personally do it, it is OK, but if I license another to do it, it is illegitimate and illegal. Why cannot I license a right to have? If I can sell him, there, glasses for one thing; and him, here, glasses for something else, why cannot one man sell this right to another? Do I have the right, in the case of my watch regulator, to license one man to make such jeweled watches and license another man to make such clocks? Nothing in the present law says that I cannot do this. Yet the Justice Department seems to say that it restrains trade.

Of course patents restrain trade, in the sense that my patent is my monopoly and I restrain trade in any way I like. That is what a monopoly is. If this contradicts or conflicts with the antitrust laws, it should be clarified, spelled out: This is what the inventor can do, this is what he cannot do. It is the Congress' job to define the inventor's rights and duties.

I resent this attitude of the Justice Department. I understand that when the bill was written they objected to putting this monopoly matter into the bill. They feel, perhaps, as I jokingly told one of them, that it is too important a matter to let the Congress play with. They would just as soon let the Supreme Court decide the issues.

It is not that simple. I want to know my rights.

This is the end of my typical patent case. When I finally have everything settled and I have the rights, I want to know what my rights are.

It is up to the public policy to decide what rights I should have, how broad they should be, how narrow they should be. I think this is the duty of Congress. I do not want to tell you your job, but certainly, if Congress does not do it, nobody else can. You must set the rules, and I would like to know what they are.

Now, I did not touch other anti-inventor aspects of this bill. As to the reissue, the present law permits you to get a reissued patent, if a mistake has been made, and you can get everything you are entitled to. If somebody else, in the meantime, starts the manufacture and does not know that you are going to get a broader patent, he has some intervening rights and is protected. S. 1042 says you cannot broaden the patent. I want to know why not? If I am entitled to a broad patent and a mistake has been made, why should I not broaden it? Just to make it convenient for somebody else? Just to make it convenient for the infringer?

I did not want to discuss terminal disclaimers. This is a legal matter in which, when there are two patents, under present procedures, it is possible for you to arrange that the two patents terminate at the same time. The proposed bill reduces the right of the inventor in respect to terminal disclaimers.

The Commission would rather cut the rights of the inventor than to give him more rights. They would like to arrange for appeals against the decisions of the CCPA. They feel that the court is too good to the inventors. I do not know what that means. I just looked up the cases. The CCPA sustained the Patent Office more often than they overruled it. Yet the Commission would like to create more decisions against the inventor in the court of appeals.

I would like to see the first-to-file get the patent but I want an interference procedure. If two people have a patent pending at the same time, I would like to see that the first inventor gets certain rights, variously called shop rights. But I would like to see this: There is a proposal, even an amendment to this bill—I think it is one of the amendments of Mr. Long of Missouri—which says that if a man has used the invention first, he should have shop rights, or at least the right to use it. I do not like this, because I think it will encourage secrecy. My daughter, who is an inventor also—she has a patent pending, so I think that makes her an inventor—suggested the following: That an interference proceeding should show that there are two people in conflict and one of them may be the first to file. He gets the patent, but the first to invent, if he also filed, will have shop rights. If he were the first to invent and he did disclose it diligently, if he showed it to the world, put it in the Patent Office, even though he is second to file, he will have a nonexclusive license for his own or his owner's use. He should not get any rights if he did not file, so he has no encouragement to keep things secret. The amendment to the bill says he can keep it secret. I think this is unfortunate.

The number of interferences in the United States is very small. In 1964, about 1 percent of the pending patents went into interference; in 1965, about 1 percent; in 1966, less than one-half percent of all those patents filed; and of those, less than half went to the junior party. So the full facts of interference are that we are in fact on a first-to-file system; that is, the first to file usually gets the patent, and it is perhaps one-half of 1 percent or so, where there is any doubt of this.

This is not quite as unimportant as it sounds, because the fact that I am protected by the interference procedure means that I do not have to rush to the Patent Office. It means I can take my time as long as I am diligent; I am protected. I am gambling that it will not come up, but if it does come up, I have my rights. Under the first-to-file, I am not protected.

Yesterday, somebody quoted me as saying that under the present law, the inventors have to be diligent; from now on, the attorneys will have to be diligent. I think that is right. The attorneys will have to be diligent to see that applications are filed promptly. They have to be done very completely to support our claims.

I think that the interference proceedings, as I said before, will disclose any chicanery or copying, because it gives me a chance to examine the other fellow, and he can examine me, along with our notebooks and records. It discourages surreptitious stealing of various kinds. I think this is a good thing to do. I think that it will certainly reduce the rush to the Patent Office, because big companies that are not interested in licensing—and this is very important, because about 60 percent of our patents are filed by big corporations—will have no incentive to rush to the Patent Office, because as long as they are diligent they know that they will be protected if the next man gets the patent. Being diligent and being the first to invent, there is no necessity for them to rush.

This is not true of the individual inventor or the small company. He wants to license other people, he wants to get a patent. In this case, he will be under great pressure to rush to the Patent Office. About 60 percent of the big inventors will not be. This is a good thing. I think a limited interference for these reasons is a good thing to provide.

The matter of the burden of persuasion is in the present bill. I support it. It is my duty to persuade the Patent Office that I have valid claims. There is no argument about that, and I do not think that anybody seriously argues this. There is argument as to whether anybody should be presumed correct in their actions. I would like to support this also, but unfortunately, I cannot.

I would like to say that if the Patent Office issues me a patent, it should be presumed to be correct in subsequent litigation. Unfortunately, I have some knowledge of the Patent Office—and it is quite intimate; I have lectured 11 times before their academy, where they train the young examiners—you fight with them about so many patents that you get to be good friends. They all tell me the morale is low, the skills of new examiners are low, they have trouble holding onto the experienced examiners. This being the case, I hate to see presumption of correctness in this bill. I would rather see presumption of correctness if their house were put in order with better salaries. I do not like this idea of quotas—of so many searches per week. I would not work for control data if they said to me, “Jack, you have to invent so many inventions per week or we fire you.” I do not think this is the way inventions are made, or good searches. Good searches are subtle, intelligent things. I do not like to see the system of piecework used.

I do not like to see the Patent Office actions get presumption of correctness as long as this type of pressure exists. I think that presumption of correctness should come from respect for the kind of

patents they issue. If patent quality is raised, if the quality is greater, I think this will come of itself.

I do not like the double track system of appeals from the decisions of the Patent Office, one through the district court of the District of Columbia and the other through the CCPA. I would like all actions to go through the CCPA. I respect their decisions very much. I have never had a case before them, but I read their cases in the Gazette every week. We had a vote on this in a meeting in New York. Everybody agrees that they are competent, they are good, and they try a great many cases. I would like to see them as the only appeal from the Patent Office, not a double track system.

As far as appealing from the CCPA, I do not feel too strongly. I would rather see that a patent case not end at the court of appeals, but see it go to the Supreme Court. After it has gone through the CCPA, that should normally be the end of it. I see nothing tragic about simplifying the appeals. I do not see any great harm befalling the country if there are not too many steps in the procedure.

I would like to say this about a 20-year patent life: I think this is a tragic admission on the Commission's part, that it could not improve the laws to the point where the attorneys could not do "monkey business" in the Patent Office. The argument for the 20-year life of the patent, instead of 17 years from date of issue, is that patent attorneys do all sorts of peculiar things, some dishonest, to keep the patent pending for too long a time.

I have talked to my attorneys about this. They say that it is true that they can take 3 months to answer instead of 1 month, but this does not make much difference. My attorneys, both of them, think that the Patent Office has ample rules by which they can make the attorney toe the mark, and they do not see why the attorney and the inventor, should be penalized because some attorneys stretch out a case. In important cases, it may take 5 or 6 years to get a patent. On a computer, it may take 10 years, and I do not think the important case should be penalized because the Patent Office does not want to get tough with the attorneys. If the rules are not rough enough, let us change the rules so that they have teeth in them, so that they can say to the attorney, file promptly and do not start appealing the case when you have no business appealing.

I do not like deferred examination at all. I think this is a swindle and a trap. I think it is a file-now-pay-later kind of deal, where the inventor will have to have an attorney, he will have to file a full application, and then he can sit back and for 5 years hope that nobody bothers him. I think he can do this sometimes, and what happens is that outside parties come in, demand that the case be searched, and the poor inventor will end up with the fact that he is prosecuting his patent not at a time of his choosing, but at a time of the choosing of the other fellow.

At one time, I had 30 patents pending at approximately the same time on various reading machines. These were rather involved and expensive patents to prosecute. If there had been a deferred examination, if somebody had come in, they could have murdered me, because it would have meant that at one time, I would have had to process 30 patents, all at the same time.

I think that the deferred examination is something that is based on the hope that many applications will be abandoned, because that is the only excuse for deferred examination. The inventor will have to pay full fees to his attorney, and I do not think it will do much for the patent system of the United States except to degrade the patents.

I think the whole business of letting the deferred system come into effect by an edict of the Secretary of Commerce rather than by congressional action is unfortunate. I believe if you are going to modify the system and get a deferred examination, let Congress do it after hearings. I think it is a basic feature in our system of making laws. I do not think such things should be done casually.

I fear the citing of prior art as any use in the world. I have misgivings about citing any use in the world, because I think it may be hard to prove or disprove, but I do not feel strongly about it.

I think this question of the prohibition of selling of articles not patented but made in another country by a patented process is very touchy. I think it is unfair to be the importer, because he may not know, in fact, how the product was made. My attorneys think it is unconstitutional, because our Constitution has said very carefully that you cannot extend a monopoly. If I have a process patent, I cannot apply it to the product. I cannot use the process to control the product. This is the first case where I have seen a bill introduced where the process is patented but the product is not and you can enforce a patent against a product that is a perfectly free, normal product. I think it is a very difficult subject. I think that, morally, it is justified. I would like to see it tried. I suspect it will not stand up.

I think there is some injustice in the situation that an invention can be gotten around, a manufacturer can avoid his process patent by manufacturing in one of 200 countries in the world where he does not have a patent. In this matter I support S. 1042, but I am not sure it can be made to work.

I agree that a computer program is not a patentable item. We had a terrible argument at lunch today. Some people said that the program may be brilliant. Brilliant it may be, but it is not patentable. It is like giving you instructions to get to my home. They may be very good instructions. To a taxi driver they may be very useful, but they are not a patentable item. There may be other people who can tell you how to get to my home. That is what a computer program is.

My feeling, since we use about 20 computers in my plant, is that programs cannot be enforced. You have no way of knowing what anybody else has in a program. My own programmers do not know what they have written a year later. They do not know what other programmers do. There are thousands and thousands of custom programs written for all sorts of purposes. I do not think they can be enforced, searched, or filed. You cannot just send the programs to the Patent Office. I think I do not like laws which cannot be enforced.

Senator McCLELLAN. How much longer is it going to take you?

Mr. RABINOW. I have just two more short statements.

Senator McCLELLAN. I wanted to conclude. We have three more witnesses. I have to leave now to go to my office a little while.

Mr. RABINOW. May I finish, then?

Senator McCLELLAN. Yes, you may. I do not like to shut anybody off. I would like to have more time but there is a circumstance here

where we are trying to accommodate others who are here, too. There are things we cannot help. We get into problems over here where we have to be in three or four places at once.

You go ahead and conclude.

Before I leave—I shall be back in a few minutes, but you might finish before I get back, so I want to thank you. I think you are very well informed, very interesting. I did not observe that you were very nervous, either.

Mr. RABINOW. I am losing it now.

Thank you very much, Mr. Chairman.

I would like to say this: If you are going to upgrade the patent system, the only way to do it is to upgrade the examiners. You are not going to upgrade the laws of the United States if you have poor judges. I say that the only way you upgrade the patent system is to get better examiners, get more examiners, get better facilities.

I believe in a universal patent system if we can get it. I do not know if we can get it. If we can get it, I would love to see one invention, one patent for the whole world. This is such a worthwhile thing that I would like to see it tried. For this reason and only for this reason, I support first to file.

If this were not the case, if there were no hope of getting a universal patent, I would fight the first to file, too. It is not as good for the inventor, it is not as good for the country. If we have some devices to protect the first inventor, if we have some safeguards for him, the first to file is acceptable.

I do not know what the incentives for the inventor should be. I am biased. I do not like to see the incentives reduced. I think the law as it is now written reduces them in many important respects. I would like to see it modified.

I think the patent system has worked well, and when Mr. Hollomon said 21 Commissions have tried to improve it and did not succeed, that does no mean that the Commissions were wrong. Maybe the law is so good that it does not need to be improved. I do not think that anything is so good that it is not improvable, but I do think that tampering with our system should be done very, very carefully.

I want to thank you very much.

(The complete statement of Mr. Rabinow follows:)

PREPARED STATEMENT BY JACOB RABINOW, PRESIDENT, RABINOW ENGINEERING DIVISION, CONTROL DATA CORP.

I am grateful to the Committee for permission to testify before it and make my opinions heard in connection with the above legislation. I would like to state my qualifications for making this statement and I hope that you will forgive me for some boasting.

I have two degrees in electrical engineering. For sixteen years I worked in the U.S. Government service at the National Bureau of Standards. I ran my own small company for ten years and for the last three years I have been with the Control Data Corporation.

I hold 176 U.S. patents. I have some twenty-five more applications pending and I have a very large number of patents in foreign countries.

I am a member of the Inventors' Council of the Department of Commerce and a member of the Advisory Committee to the Commissioner of Patents.

I hold the following honors:

Certificate of Commendation from the NDRC, 1945

The Naval Ordnance Development Award, 1945

The War Department Certificate of Appreciation, 1949

The President's Certificate of Merit from President Truman, 1948
 The Exceptional Service Award from the Department of Commerce, 1949
 The Edward Longstretch Medal from the Franklin Institute, 1959.

Having been an inventor for most of my life, having worked with a great many other inventors, and having known still many more, I would like to impress on this Committee my thought that a patent is more than just a simple piece of economic merchandise. There are human and emotional aspects to inventors and patents which are hard to express in words. There are fundamental questions of individual achievements, of justice, of right, of glory, and, if you will, of glamour.

In spite of the fact that we have so many large laboratories and other organizations of technical people, inventions are still very largely the result of individual intelligence. They are like works of art, and as in art, there is a large output of more or less ordinary works but here and there there appears the special, the rare, the great masterpiece that not only is admired and wondered at for all time, but which, in the case of an invention, changes the lives of all of us. All this must be considered when incentives to inventors are discussed. When we think of the great inventors, like Edison, Bell, Kettering, the Wright Brothers, Langmuir, Coolidge, Steinmetz, we do not think of them as people who made money. We think of them because of the contributions they made to the world. And no system of patents in the world does as much for the inventor from a human point of view as the patent system of the United States.

I hold patents in most of the countries of the world and I think I can speak with assurance when I say that our system is the best. I know of no ground swell of dissatisfaction, no disenchantment among the inventors or the patent attorneys with our laws. I am aware of the fact that the United States Patent Office has problems. But the difficulties are basically those of money. Some of the difficulties are due to the great expansion of our technology and of the technologies of the world. There is the great expansion of international filing. About half the patents of the world are duplicate patents, with 30% of the filings in our Patent Office being done by foreigners. In some countries in Europe, perhaps 80% are filed by U.S. citizens. There is no doubt that a great deal of this duplication could be eliminated by a world-wide patent system to which I shall refer later.

Having read and re-read the recommendations of the President's Patent Commission, having read and re-read the Bill before us, I have reluctantly and sorrowfully come to the conclusion that Bill S1042 which we are discussing, is basically anti-inventor. There are, of course, provisions of this Bill which I like, and I shall come to these in a few minutes.

To illustrate the features I find most objectionable, let me take a typical, imaginary, invention and see how it would fare under the proposed legislation.

Let us assume, then, that I invent a new and, what I believe to be, a useful product. Under the proposed legislation, I am under great pressure to file. So I pressure my patent attorney and we file a preliminary or a final application. If the invention requires a long application, for example, on a reading machine or a computer, my attorney cannot do a quick and simple filing that will later support all of the claims. To explain the operation of the equipment he must have drawings, and he must go into considerable detail. My attorney advises me that in such a case he might as well file the final application since it will take several months to prepare it in any case. This is more so if he has to make a preliminary search to find out what is new and what is old in the pertinent art. If it is a simple product and can be described in one or two pages, my attorney tells me he might as well file a final then and not have to do it twice.

My recommendation No. 1—Eliminate the preliminary application.

In any case, I arrive at the point where I have filed my final and complete application. The Patent Office finds that soon after I filed, another inventor files on basically the same idea but with some differences. Under the proposed legislation no interference of any kind is set up and presumably I shall get the patent issued and my patent will be cited as prior art against the other inventor. Actually the Bill is not clear on this, and it may very well be that if the application of the second inventor is simpler, he might get it issued before mine, because mine cannot be cited against him until after mine has been published or issued. And if this should happen, we shall end up in court because, later, I (being the first to file) should be able to invalidate his invention. Let us, however, assume that the Patent Office notices the conflict.

My Recommendation No. 2—A limited interference should be set up when two or more co-pending applications have similar new matter.

The limited interference would decide which of us is entitled to what claims. I should be able to copy his claims if they are broader or better than mine, and he should be able to copy mine if I cannot make them. The Patent Office should, as it does now, decide which claims belong in which application.

There is another reason for this limited interference procedure. The first-to-file will get the patent, but it may well be that the second to file was, in fact, the first to invent and the first to reduce to practice.

My recommendation No. 3—The first-to-invent and reduce-to-practice, but the later-to-file, should receive a non-exclusive free license for his own or his employer's use of the invention.

Later in this statement I shall give what I consider important arguments for setting up interferences and giving the first diligent inventor some rights even if the first-to-file is granted the patent. For the moment I would simply like to state that similar procedures are used in many parts of the world except that there the first-to-invent does not necessarily have to file. I believe that protection without filing would lead to secrecy, as I shall try to explain later. I believe that secrecy should be discouraged and, therefore, feel that protection should be extended only to those inventors who disclose their inventions via the Patent Office and therefore give the benefit of their inventions to the world.

The proposed legislation specifies that my application shall be published sometime between eighteen and twenty-four months after filing. Assume that no claims have been allowed and/or that some of the claims are still in debate between the Patent Office and my attorneys. I am of the firm belief that publication at this point, in order to inform the industry of the invention, or in order to receive the benefit of art citation by third parties, would be completely useless. A patent without final claims is a nebulous piece of paper where no one knows what the final patent will contain, what is new and what is old, and what is the essence of the invention. If the people of the outside world read such a half-baked application they will either decide to cite nothing, not knowing what the Patent Office already has in its file, or they will cite everything of what they know which may have a bearing on the case. This will simply mean that the Patent Office will be flooded with unnecessary and redundant paper.

My Recommendation No. 4—The patent application shall not be published until the correct claims have finally been allowed and the patent is ready for issue.

This publication should be done, let us say, six months before issue. During this time third parties who now know what has been allowed and what is important in the patent may submit evidence of such prior art or use as they see fit. At the end of the six months period, the Patent Office will consider the data submitted and either, if they find nothing new has been added to the case, will publish a notice of final allowance or, if new art of importance has been cited, will reopen the prosecution until either the claims are modified or the patent is abandoned.

After the original six month period of third party's submission of data, no other outside opposition will be permitted.

Assume that finally I have the patent. I have a reasonable assurance now that the patent is valid and that all pertinent prior art has been cited. In the meantime, I have spent considerable money, not only in prosecution of the patent, but in inventing improvements and modifications and, perhaps, in applying for additional patents. Having the patent in my hand, I have the problem of either putting the invention into production or trying to license others, or perhaps both.

But there is a sword of Damocles hanging over my head. The proposed legislation provides that at any time within three years of issue, an outside party can come into the Patent Office and present new evidence, or new arguments on old evidence, to the effect that my claims and my patent is invalid and the Patent Office can invalidate the patent if itself has issued. I submit to you, gentlemen, that this is most unfair. Where was this third party when the patent was published before issue? And how can I license others or invest money in production when I do not know what will happen for three years? The third party may deliberately keep quiet through the early stages of prosecution in order to have me develop the market and test the invention, and then to come in and sandbag me with a disclosure of some remote and rare use of the invention in far corner of the earth.

My Recommendation No. 5—The three-year invalidation procedure be eliminated.

But suppose I win even this round. The patent is sustained. Perhaps I lost a fraction of a claim or two, but I still have a good patent. Does this mean that I am finally and fully protected? Not at all. An infringer can take me to court or force me to take him to court and argue validity. If the patent is held invalid by a district court and I appeal and lose the appeal, under the proposed Bill the patent becomes invalid with no further recourse open to me. Suppose, however, that I am lucky even now, that the claims are held valid and the appeal sustains the first court. Does this mean I have finally won for all time—for the life of the patent? No, gentlemen, another infringer can force me into court, and still another, and another, without end. This means that I can lose in many ways but that I can never be finally sure that I have won.

My Recommendation No. 6—Either both the validity and invalidity of a patent can be tried only once, so that if the court and the appeal hold the patent valid, it is valid for the duration of its full term, or if it is invalid, then it will be invalid for good.

I have heard it argued that I, as an inventor, may deliberately pick a weak opponent so as to win my validity fight and make it valid for good. This is certainly a possibility. Of course, picking the right court and the right time is a game that both sides can play. I would suggest that there are certainly several legal procedures that could be set up to protect against this. One, for example, is that all validity cases be tried in the Court of Customs and Patent Appeals, which is a court with great expertise in patents, and that outside interested parties can join the case as "friends of the court", or better yet, that the present law be maintained so that both parties can have more than one day in court. Let me follow my hypothetical invention. Let us assume that I have won the case in the courts and the patent is valid. There is still another difficulty, and the President's Commission was aware of it. And this is the conflict between our anti-trust laws and the monopoly given to the inventor. The President's Commission Report suggested in recommendation number XXII that the Congress should look into the matter of the legality of different kinds of licenses an inventor can issue. I certainly would like to know my rights. I fully appreciate and in fact, venerate, our anti-trust laws, but a patent is a monopoly and is a rather broad monopoly. There is some feeling in the various agencies of the government, particularly in the Department of Justice, that certain types of licenses unduly restrict competition. I would like to know my rights in such matters. Gentlemen, while I certainly cannot presume to suggest your duties, I feel that you are the only ones who can define my rights. Some of the best attorneys I know feel that this matter of patent rights and anti-trust laws are very difficult and unclear. It will be of great benefit to inventors and to their backers to have these matters simplified or at least clarified. I know that this recommendation of the President's Commission did not get into the Bill before us. I am puzzled as to the reasons for the omission and hope that this matter can be corrected.

My Recommendation No. 6—The rights of the inventor, as affected by our anti-trust laws, should be clarified in any new patent legislation.

Let me now drop my imaginary invention.

LIMITED INTERFERENCE PROCEDURE

I would like now to discuss in some detail the present Patent Office interferences and my proposal for limited interferences in new legislation. Much has been said in recent time about the nuisance and cost of the present interference practice. In my experience with 176 patents I have only been involved in interferences three times. Testimony was only taken in two cases, and I never had to go to court over any interference. I have checked this subject with many attorneys and this experience seems to be typical. In the case of the Patent Office, the following figures are of interest.

In 1964 there were 88,000 applications filed of which 987 went into interference.

In 1965 there were 89,000 applications of which 651 went into interference.

In 1966 there were some 93,000 applications of which 473 went into interference.

Of the cases in interference, less than half involved the taking of testimony and the senior party won in some 80% of the interferences. This means that only a fraction of one percent, something of the order of $\frac{1}{8}$ of 1% or perhaps,

at the most, $\frac{1}{4}$ of 1% of the applications would be hurt if the first-to-file were the rule today.

Since the present U.S. system does not reward the first inventor, but the first diligent inventor who reduces to practice and preferably applies for a patent, it is obvious that eliminating interferences as far as who gets the invention would not create any obvious injustice. But there are other matters that pertain to interferences which are important. Under the proposed legislation, a man who overhears my discussion with another engineer or a man who happens to be a visitor going through our plant and learns of some of our inventions can easily be triggered to rush to the Patent Office and to be the first-to-file. With the proposed legislation there is no provision for any kind of interference. Therefore, it will be very difficult to determine the origin of the idea or to accuse this man of improper derivation of the idea. As I recommended earlier, there should be a limited interference set up whereby if two parties file within, say, a year of each other, the cases will be thrown open to both parties so that they can argue as to who is entitled to which claim and testimony could be taken as to the derivation of the invention. This would set up a very great deterrent to copying ideas from others and would be less involved than the present interference practice where matters of continuous diligence are the most important.

Consider now the case of the man who conceives a valuable invention, he works on it diligently, reduces it to practice, but unfortunately files a month after another. He would have no protection under the proposed bill. In many countries of the world, special dispensation is made in such cases so that the first-to-invent and first to reduce to practice automatically gets essentially a free and non-transferable license for his own use, or for the use of his employer. I do not like this simple procedure because it increases secrecy. If a company using a new process did not care about outside licenses, it would simply keep quiet and never be concerned about the possibility that another inventor can receive a patent on the same process or device. Secrecy is unfair to the inventor who may not be the first to invent but does not know this but who is the first-to-file because he may go to great expense of time and money believing that he will have a monopoly only to find, after the patent is issued, that his best prospect or perhaps his only prospect for a license has been using the process secretly for a long time. I think that any organization owes it to society to disclose its inventions if it wants any kind of protection.

A most important value of the limited interference procedure would be to reduce the pressure on most inventors and their employers to rush to the Patent Office. Since most patents are now filed by corporations, many of whom are not interested in licensing others, these corporations would have less pressure to rush to the Patent Office since they would know that even if they were not the first-to-file, as long as they were diligent, they would have at least a non-exclusive license for their own use and sale of the invention. This, of course, would not be of much use to the individual inventor who wants to exploit his patent by licensing. He would be under great pressure to file and file quickly. But, I think he is under great pressure to file quickly now if he wants to be the senior party in case of any interference. My own practice is to file as quickly as possible, particularly so when we consider an invention important.

I would like now to discuss some other provisions of the present Bill which I consider anti-inventor.

There is a clause in the Bill that the decisions of the Patent Office in denying a claim shall have the presumption of correctness in court. Much as I respect the Patent Office and its examiners and much as I would like to see that all their decisions have the presumption of correctness, I would rather see the presumption of correctness be somewhat less strictly worded. The practical difficulties of today's salaries determine the average term of duty of the examiners in the Patent Office and the general questions of his morale, and I shall say more about this a little later on. As things are now, I would like the opportunity to appeal in court the decisions of the Patent Office, if the case warrants it.

With the new Bill, the difficulty the inventor faces is further increased by the fact that the decision of the Court of Customs and Patent Appeals can be further appealed by the Commissioner of Patents when this court overrules the Patent Office in favor of the inventor. This means that the inventor has a stumbling block that is not present today.

My Recommendation No. 8.—The appeal from the CCPA can be carried only to the Supreme Court.

There is now a "double track" system of appeals from the decisions of the Patent Office. One is through the CCPA and the other through the District Court of the District of Columbia. There is much criticism of this double-track system and it is my firm conviction that the laws should be changed to eliminate this so that the only appeal from the decision of the Patent Office should be through the CCPA.

The proposed law provides that the life of the patent shall not be seventeen years from the date of issue as at present, but twenty years from the date of filing. The reasoning behind this, as described in the President's Commission Report, is that patent attorneys use various stratagems to stretch the period of pendency in the Patent Office so as to extend the life of the patent. I do not believe this is a valid argument or an advisable change in the law. Important inventions may well take much more than three years to wind their way through the Patent Office and through the offices of patent attorneys. It is almost certain that this three year difference in the official life of a patent may not be important in minor patents, but it certainly will be important in basic and important ones. I think it is unfair to penalize important inventions because of legal technicalities of Patent Office procedures. I am informed by my attorneys that the Patent Office has ample rules now to bring matters to a decision when it so wishes. If these rules are not sufficient, I think it would be more advisable to amend the present laws so as to give the Patent Office more power to eliminate abuses by attorneys. Certainly the inventor's rights should not be reduced because the rules of procedure of the Patent Office today lack some necessary vigor.

My Recommendation No. 9—The present seventeen years from the date of issue be retained.

DEFERRED EXAMINATION

The proposed law permits the Secretary of Commerce, by an administrative edict, to establish the Deferred Examination System for the United States. I object most violently to this system of File Now and Pay Later. I think the tendency will be to take advantage of this because it may look like a good gamble not to pay the fees at the very beginning. The actual savings to the inventor will not be great since the main cost of the patent lies in the preparation of the application and not in the fees to the Patent Office. This section of the Bill is obviously intended to help the Patent Office, and I suggest that the only way it can help the Patent Office is by encouraging the abandonment of patent applications. This is certainly not the way to strengthen the patent system of this country.

The Deferred Examination would allow third parties to come in any time during the five year pendency and, by paying a small fee, force the inventor into full prosecution of his patent application. When I was a small businessman, some years ago, I had some thirty patents pending at approximately the same time on various reading machines. These were rather involved and expensive patents to prosecute. If the Deferred Examination System were in effect, I probably would have chosen the path of deferment because I was always short of money. A competitor could easily afford to come in and force me to go into full prosecution of some thirty applications at the same time. If he knew something about my finances he could have picked a particularly unfortunate time for me. While this may not be a typical case, many private inventors do have five to ten patents pending at the same time, and small companies may actually have dozens of patents pending at one time. I don't believe that any third parties should be able to come in and force the inventor into full prosecution of patents where they themselves are not involved.

The argument for this third party interference is that they have to know what their rights will be if the patent is issued. My suggestion is: let us not have a deferred examination system and, if we do, let the third party beware that when a patent is finally issued he may have to stop manufacturing or get a license. Knowing what is contained in a deferred examination gives him a good base on which to negotiate for a license during the deferred period.

My Recommendation No. 10—The deferred examination be stricken from the proposed law.

If a Deferred Examination is ever advisable, I don't think it should be promulgated by an act of the Secretary of Commerce. I think it is far too important and basic a change in our laws to be made by an administrative decree. I think then, that Congress should hold hearings and use all the safeguards of our democracy before making such a change.

My Recommendation No. 11—Only Congress should have the right to institute a deferred examination system and do so only after appropriate hearings.

I would like to make a statement about what I think has to be done to upgrade our present patent system. I think that no patent system can be any better than the people who administer it. I mean, the management and the general staff of the Patent Office of the United States. I do not for a moment wish to give any impression that I have anything but the greatest respect and admiration for the staff. No agency in Washington has as an unblemished record of complete honesty, devotion and competence as the Patent Office of the United States. But the Patent Office now suffers from the fact that it lives in a competitive economy where the salaries of examiners do not compete sufficiently well with salaries paid to members of the Patent Bar. The result is that the Patent Office finds it difficult to hire the kind and quantity of people that it needs for its work. At the same time there is a scientific explosion in the world which makes patent art searching difficult in many ways. Patents are much more involved technically. There is much more art to search. The various disciplines are now interrelated so that one cannot be simply an expert in electricity or mechanics or in nuclear physics or in chemistry—chemistry is very often physics, physics is often chemistry, both are involved in biology, etc., etc.

The present patent staff is overloaded. It works under great handicaps of space, of lack of equipment and of pressure of time. I respectfully suggest that this is a matter that is the direct concern of Congress. I believe that the budget of the Patent Office has to be raised—that the number of examiners must be increased, their salaries must be raised, and they should receive the physical plant and equipment worthy of the greatest industrial nation in the world. If this were done then I think that the quality of our patents would automatically go up and do so without any change in our laws. I think that the matter of presumption of correctness and the respect for the decisions of the Patent Office would automatically fall into line. Having lived in Washington for some thirty years, and having worked for our government for sixteen, I know full well the financial demands on Congress and that there is no simple way to fairly apportion the Federal budget to the various (and all deserving) agencies of the government. But, I suggest, that if we agree that the patent system of the United States has been most instrumental in producing the magnificent industrial base we have in this nation, then the cost of the Patent Office operation is trivial. Any additional expense for its operation will be repaid a thousandfold by merely a few more patented inventions.

I would like to say that I do not like the present bill except for the fact that I want to see the world adopt an international patent system. I think the world is getting too small for the dozens of patent systems that exist today. The international patent will be of great benefit to the inventor, to his employer, to the manufacturer, to the people of the world, and so I support the First-to-File because it does make our patent system compatible with those of the rest of the world. But I do not like many of the other features of the present bill which I think are not necessary and ill advised.

If a universal patent system cannot, in fact, be promulgated, and if we are simply concerned as to how we can improve our internal patent system, then I suggest that the present bill is of little value and the simplification of our laws can be achieved without radical tampering with the present laws. Such simplification are suggested, for example, in the House Bill H.R. 7454 with which I am acquainted. I am sure many other proposals less radical than those of S1042 can be made that would correct any of the complications that are due to our present laws.

There are other elements that I favor in S1042 beside the First-to-File. I favor the provision that prior art be any written or published material from anywhere in the world, but I do not think that prior use should be permitted to be cited against the U.S. inventor if the prior use were either outside the United States or, perhaps, outside the North American continent. The difficulties with prior use is that it is very difficult for the small inventor to get evidence or to obtain the facts about use in another part of the world. The third party citing such prior use may be a large company that has international offices and the small inventor would have great financial difficulty in obtaining the kind of evidence he needs to negate this interference.

My Recommendation No. 12—Prior use as prior art against the application should be limited to the United States or, at most, to the countries bordering on the United States.

If an international patent is ever issued, this particular use requirement can certainly be waived because, presumably, the office that makes the international search would be competent to judge prior use anywhere in the world.

I agree that the products which are produced in another country by a process patented in the United States should not be sold freely in the United States. This seems to be advisable because the world is getting so small and shipments can be made easily, that a manufacturer can always avoid an American process patent by setting up a factory in any one of some 200 countries and it is not reasonable for the inventor to cover each and every country of the world with a patent.

I agree that there should be no patents on computer programs. The difficulties of filing patent applications on programs, the difficulties of defining the invention, the difficulties of knowing what other users have in the way of programs are so great that a patent is essentially impossible. Even if a patent could be issued on a computer program, I do not think there is any possible way of enforcing it and I do not believe we should have patent laws which are difficult to implement and impossible to enforce.

I want to thank you again, gentlemen, for the honor and privilege of being able to testify before you.

Senator BURDICK (presiding). Thank you, sir.

Call our next witness.

Mr. BRENNAN. Mr. Washburn and Mr. Dorfman of the Philadelphia Patent Law Association. They are accompanied by Mr. Philip Cooper and Mr. Roger R. Horton.

Do you have a prepared statement?

**STATEMENTS OF ROBERT B. WASHBURN AND JOHN C. DORFMAN,
PHILADELPHIA PATENT LAW ASSOCIATION; ACCOMPANIED BY
PHILIP G. COOPER AND ROGER R. HORTON**

Mr. WASHBURN. We do. We would like to file it. We will be rather brief in our comments.

Senator BURDICK. Your statements will be incorporated in the record.

Would you identify your associates, please?

Mr. WASHBURN. Mr. Cooper is on my right. He is the vice president of the Philadelphia Patent Law Association; I am the president. On my left is Mr. Dorfman; on the extreme end, Mr. Horton.

We want to thank you for this opportunity to testify today. I do not know how many of you know it, but the first U.S. patent was issued in 1790. By coincidence, it was issued to an inventor from Philadelphia.

We feel that the U.S. patent system has served the country well since that time, and the reason we are here today to testify is because we would like to insure that the U.S. patent system continues to serve the country well.

To give you a little idea of our association, it was founded in 1923. It is composed of over 300 patent lawyers and patent agents located in Pennsylvania, Delaware, and New Jersey. Our members represent a general cross section of clients across the Nation, including many independent inventors as well as corporate inventors, in corporations both large and small.

Mr. Dorfman and myself are both in private practice. Mr. Cooper and Mr. Horton are both with corporations.

When the President's Commission's report came out, our association immediately went over it. It was Mr. Horton's duty to go over it and

send out a questionnaire to all of our members on the various points included in the report. We assembled the data from our members, and we sent this information in to the Commission.

When S. 1042 was introduced, we went over it and prepared resolutions which would line up with the position we had taken on the President's Commission report. These resolutions were submitted to all of our members, and we had successive meetings of our members, and these resolutions were all debated in detail. The resolutions are attached to our statement as they were passed.

With this background concerning the association, I would now like to introduce Mr. Dorfman, who will summarize the testimony.

MR. DORFMAN. I am going to be very brief, and I am going to eliminate a large part of what I had planned to say. I will try to summarize my summary statement.

Senator BURDICK. That is brief.

MR. DORFMAN. That is brief. I do not know how I can be any briefer than that.

First of all, I think we should say that we endorse the objectives of the President's Commission. Our association has voted almost unanimously in supporting the Resolution No. 1 which has to do with the stated objectives. We do not support S. 1042, for the reason that we feel that S. 1042 does not wholly accomplish the objectives of the President's Commission.

We do support S. 1042 in part, however. I might say that there are 33 resolutions attached to this statement, and of the 33 resolutions, some 14 endorse at least in principle some parts of S. 1042. That does not mean that there are not additional parts that we might favor and additional parts that we might oppose, but those are the major things that we think are right or wrong with S. 1042.

We do think that our resolutions are consistent with the objectives of the President's Commission. We have tried to keep these in mind each time a resolution was raised, and in the statement we point out the way in which we think the particular resolution is consistent with the objectives and how it furthers those objectives.

Now, in connection with interferences, we have a position which might be called intermediate S. 1042 in the present law. This is the position which has been hinted at by some of the speakers this morning, and some have actually stated part of the position. S. 1042 completely eliminates interferences by cancellation of present sections 135 and 146. We would like to retain those sections, but we would like to modify the practice.

We are perfectly happy to have what is a first-to-file system, provided that the inventor who is the first to invent is protected in some way. I think it is appropriate to say that our present system really is not the first inventor system. It is a system which awards the patent to the first diligent inventor. There is a lot of difference between first inventor and first diligent inventor. The first inventor merely thinks of an idea and maybe does nothing more. The first diligent inventor does a lot more. He shows enough interest in his invention to reduce it to practice in some way. That is, he may make the device which he hopes to patent, or he may file a patent application.

In the case of the small inventor, commonly what is done is that he makes the device. As we have heard in testimony this morning

and previously, sometimes this takes trial and error, and if patent applications were to be filed on everything which was developed, many of which were not practical, there would be quite a burden on the Patent Office. The important thing is that we should not forget the little man, who has fewer resources and facilities than someone in a big corporation.

I think there have been several speakers who have pointed out the contribution of the little man. I have an article here from the New York Times which was published last Sunday, May 14, the Sunday Times, which shows some of the little inventors who have contributed substantially to our American way of life. Among them are Ernest Lawrence, with his cyclotron, Carlson with his Xerox, Sikorsky with his helicopter, and there are many others. I would like to leave this article from the Times as an exhibit to our testimony.

Senator BURDICK. It will be received as an exhibit.

(The document received was made a part of the record and will be found in the files of the subcommittee.)

Mr. DORFMAN. The trouble with the interference system as it presently stands is that it results in delays of various types. It usually turns out to be quite expensive. It sometimes results in an unwanted interference; that is, people who have no interest in interference are placed there because of the nature of the procedure. And, it prevents publication at an early date. We think the solution to this problem is to award the patent to the first to file, subject to the provoking of an interference by a junior applicant filed within 1 year of issuance of the first-filed application. This is a procedure which is suggested by many patent law associations, we believe, and was alluded to by Mr. Arnold this morning, at least in part.

Senator BURDICK. What would you think if we just called that a presumption, that year? The first to file would have a presumption of ownership?

Mr. DORFMAN. I think that would be true, the presumption would simply be a rebuttable presumption, and after the year was up, then the presumption would become binding.

Senator BURDICK. That is the sense of your suggestion?

Mr. DORFMAN. That is the sense of the suggestion. This, of course, has a number of advantages: It would permit prompt action: there would be simply the usual Patent Office prosecution, and the patent that was first to be filed would be issued immediately. It would permit the publication to be put into the public record so that people who are interested in finding out what the state of the art is would have it available. The searcher could find it when he wanted it. It would avoid the problem of unwarranted interferences because the junior party now has the burden of provoking the interference, and it is not something that the Patent Office sets up.

And last but not least, it would substantially reduce the Patent Office load and eliminate much expense. The expense is on the part of the parties and the Patent Office, so it would be quite a substantial saving. But it does still preserve the right of the junior party, and we feel that if this junior party has done something to reduce his invention to practice and he has thus shown that he has enough interest in this invention, he should not be cut off.

It is interesting to note that the Patent Office has recently introduced a practice which is not too different from this. Because of lack of time, I am not going to go into this. But the Patent Office does have a procedure now which differs very little from what we propose. This has been introduced by administrative action. We think this has a very good chance of solving the problems in exactly the way we think that the suggested procedure would solve them.

We do think that an intermediate procedure of this type ought to be tried before we completely eliminate interferences.

Senator BURDICK. Do you have some language to carry out your idea?

Mr. DORFMAN. We do not have language. I may be out of line in saying this, but I think that this is one of the things that the ABA is working on, and I think it will be in an ABA-proposed statute.

Senator BURDICK. Speak for yourself, John. How about some language from you?

Mr. DORFMAN. I have no language right now. The trouble is I speak for the Philadelphia Patent Law Association, so I am really unauthorized to propose language. But the procedure is about as simple as I have outlined. It could be stated in language very simply. I am sure that our association would be glad to propose language.

Senator BURDICK. Proceed.

Mr. DORFMAN. Another area of great importance is the area of compatibility with the other systems. The trouble today is there is no compatibility. Every country seems to have a system that is completely different. We think the goal of a world patent is a fine goal, and we would go along with the sacrifices that are necessary to achieve that goal. But the problem is it is a long-range goal. Even though wonderful strides have been made toward this goal, it is a long way from being completed. I think it will probably be accomplished in small pieces, and I think that we should wait to see where there is agreement among nations before we make our law. Otherwise, the result is bound to be that inventors are prejudiced, or hurt in some way, because of a change of law which later will prove to be completely unnecessary. If we wait until some convention can be arrived at, or some at least generally mutual understanding among nations, then we can tailor the law to the needs of the time. We think this is a much more practical way to do it. The sections of S. 1042 which have been proposed in the name of compatibility, therefore, seem to us to be putting the cart before the horse.

We think the objectives of our patent system in making any changes should be to secure the best protection at a minimum expense and for a minimum of delay.

Now, one of the things which has been mentioned in connection with the proposal of compatibility is elimination of the grace period. Section 102(a) has been drastically modified in S. 1042 from the existing law. In such modification, it eliminates the present 1-year grace period during which public use or sale in the United States or patenting or publication would not bar the filing of a patent application. Under the new law, in other words, as soon as you publish or use, you are cut off. We think, again, that this is an area in which the small inventor is hurt, perhaps even smaller inventors than we have heard from today, be-

cause that small inventor, by and large, in our experience, does not file abroad. We think that this small inventor should not be forgotten.

Senator BURDICK. There is an amendment pending that will limit that period to 6 months. What do you think of that amendment?

Mr. DOREMAN. The problem with limiting a period to 6 months, is that it is a personal period. You get into a problem of having to make certain proofs; that is, that the inventive idea originated with the patentee. Theoretically, things that originate with the patentee are protected within that 6-month period. But as a practical matter, he would have a very difficult time in certain circumstances of showing the derivation from him of disclosures, let us say.

Section 103 is to be changed, and we oppose this. This would change the test of obviousness to apply on or before the filing date of the application. It now applies at the time the invention was made. This means that the inventor who tried out his invention and spends his time developing a thing to make it practical is penalized.

Another area that we are particularly concerned about is the modification of section 102(b). This has to do with public use or unpublished disclosure abroad. I will not belabor this, because other speakers have already said that this makes us subject to traveling abroad quite a bit more than we have had to do before; that is, witnesses and attorneys under the proposed change in the law will have to go abroad to look for a public use that occurred in Katmandu, Nepal, or someplace that is as far away, such as London, England, or someplace else. We believe that the present law is a practical one, made for the practical reason that if an invention has been put in a publication, that publication is readily acceptable and available to be used in our country without taking testimony abroad and without seeking evidence to support it.

I am going to speak on only one or two more points, and I will do this very briefly. The preliminary applications which have been proposed have certain traps that we are concerned about. This is section 111 (c) and (d) and 120(a). We oppose them because the inventor who makes his application on the brown paper bag or on the forms supplied by the Patent Office has the problem of not knowing exactly where his invention is going to go. The difficulty in the formal requirement is that every feature recited in the claims has to be in the preliminary application. This is a very difficult thing to predetermine. Unfortunately, many individual inventors particularly are going to be lulled into a sense of security, having disclosed only part of their invention, and others will come in in the meantime, and either file a preliminary or complete application, and take part of what they think they have perfected away from them. I would rather not see this happen.

Our association is very much in favor of the provision which, under 271(b), would make products made abroad by a process patented in the United States an infringement. We think this is important in principle, but we are concerned because the statute under its present wording would exclude government, both national and local, and because it would be limited in other ways. It would have to be used for trade and industry, and we think there is no reason for this. It could be used for agriculture as well. We also oppose the limitation to avail-

ability—that is, the right being available only if there is no availability of foreign protection. The problem here is that this is such a complication. Sometimes it is hard to say whether foreign protection would be available or not. What appears to be protection may be none at all.

I could go on at length about that, but I shall not.

The new section, 294, called in rem invalidity, is also another section which bothers us considerably. This section would make it an estoppel to the patentee, and those in privity with him to bring a lawsuit after an adjudication limiting the scope or holding invalid the claim of a patent. The problem here is principally that many cases are litigated a number of times and it may be the third or fourth time that they are litigated that the patent is held invalid. If that is so, then why should not the patentee be permitted to litigate still another time? Why should he have his rights cut off?

The other problem, of course, is that it is notorious that there are certain areas in the country where patents are favored and others where patents are disfavored. It would undoubtedly make forum shopping a rule rather than an exception. It would make it very dangerous for any person to assert a patent for fear that a declaratory judgment action would be brought against him in an unfavorable jurisdiction. Again, we will not prolong this discussion.

I want to say in conclusion—oh, I do think that I ought to give Mr. Washburn an opportunity to mention an example of something that he thinks is quite significant in connection with the grade period.

Mr. WASHBURN. The only reason I mention these, these are two examples and they both happened to me. Or one is going to happen tomorrow. I have a date to prepare a patent application for an inventor in Philadelphia. If we had the first-to-file system, I could not be here today, because I would be delaying his rights one day. But I know this gentleman reduced his invention to practice, so I can wait until tomorrow to file it. That one only has to do with the inconvenience of the attorney, you might say. But the next one has to do with the inventor himself.

I happen to represent two farmers in Nebraska. They have invented irrigating equipment. You may be familiar with this type of equipment. It usually comprises a pipe about a quarter mile long, and it goes around in a circle. This is to irrigate a quarter section of land. This is very important in the Midwest—I am sure I do not need to tell you. There seems to be plenty of water underground but there is not too much up in the sky to water the crops. So there has been much activity in this type of equipment.

In fact, the first equipment of this style was invented prior to 1900, but there does not seem to be any really good equipment that has come out yet, so I am told.

These gentlemen came to me, came to Philadelphia to see me, and they had sketches of what they proposed to make. I looked at them and said, "Have you built any of this yet?"

They said "No."

I said, "Why not go ahead and see if it will work? It has to work in a muddy field, and you cannot sit down and, with a piece of paper, tell me that it is going to work."

They asked if they were going to lose any rights. I said "No; but there is no sense in filing a patent application until you tell me that it is going to work the way you want it to."

So they went back to Nebraska and tried out what they had in sketches, and it did not work. Since that time, they have found a system that works, but they went through about eight different versions, and the last one is not like the first one at all.

Suppose we had S. 1042 in existence today and they were doing a little of this do-it-yourself stuff. They got the form that said put the sketch on file in the Patent Office, so they filed the first sketch.

Now, these inventors are not lawyers. They do not even happen to be engineers. So who is going to tell them, and how are they going to know that this sketch does not support this last invention that they came out with? So 1 year from now they come to Philadelphia to see me. They show me this preliminary sketch and say, "You know, we really have a great system working out there now, just pumping water great in Nebraska," and I say, "How long?"

They say, "Eight months now."

I say, "Well, that is just too bad, because this sketch does not support any claims I can make on your new equipment; that is all in the prior art. You have been doing this for 8 months, so even on this proposed grace period of 6 months, it is out the window."

Here they come to me now, 12 months later, and I cannot do a thing for them. I hope that never gets to be actual, but the other facts are true. I have filed the application since then.

Senator BURDICK. What is the period of statute of limitations in bringing an interference?

Mr. DORFMAN. The interference has to be—you have to make a claim within 1 year.

Senator BURDICK. In other words, your proposal would not be any different in time than what we have now?

Mr. DORFMAN. It could be different because the physical set-up—

Senator BURDICK. The first to file would have a presumption of ownership for that 1 year. So there could not be any interference brought after that 1 year, and now the limit of 1 year, too.

Mr. WASHBURN. Only if you have not been claiming substantially the same thing. If I am claiming the same thing he is claiming it may be 3 years before I have to make a claim.

Mr. DORFMAN. You see, there is a problem here. This is why we are getting into a little hassle.

In the case of an issued patent, there is a limit of 1 year. But in the case of patents that are in the Patent Office, any time they are in the Patent Office as pending applications, as long as they are in there, they can put into interference with one another.

Senator BURDICK. That can be 3 years?

Mr. DORFMAN. It could be 3 years, certainly.

Senator BURDICK. Your suggestion is to limit everything to one?

Mr. DORFMAN. Yes.

Senator BURDICK. Mr. Chairman, I have heard a very good summary of a summary.

Senator McCLELLAN (presiding). I am sorry I missed it.

Mr. DORFMAN. We appreciate your kind attention and the privilege of being able to address this committee.

Senator McCLELLAN. I will have counsel brief me on what you said.
(The prepared statement of the Philadelphia Patent Law Association follows:)

STATEMENT ON BEHALF OF THE PHILADELPHIA PATENT LAW ASSOCIATION

Mr. Chairman and members of the subcommittee: My name is Robert B. Washburn. I am President of The Philadelphia Patent Law Association. In attendance with me today and representing our Association are Philip G. Cooper, Vice President, Roger R. Horton and John C. Dorfman, both members of our Patent Legislative Committee.

On behalf of The Philadelphia Patent Law Association, I want to thank you for the opportunity to testify with regard to S. 1042, the Patent Reform Act of 1967.

The first United States patent was granted in 1790 for a discovery in the making of potash and pearlash by a new apparatus and process. By coincidence the inventor, Samuel Hopkins, came from Philadelphia. From the granting of that first patent to the present, the United States Patent System has served this country well. We are here today to testify because The Philadelphia Patent Law Association wants to ensure that the United States Patent System continues to serve this country well.

The Philadelphia Patent Law Association, founded in 1923, is composed of over 300 patent lawyers and patent agents located in Pennsylvania, Delaware and New Jersey. Our members represent a general cross section of clients across the nation including many independent inventors as well as corporate inventors in corporations both large and small.

After the President's Commission on the Patent System was activated, The Philadelphia Patent Law Association appointed a special Committee on the Patent System under the chairmanship of Roger R. Horton, Esquire. This Committee prepared a questionnaire covering many of the issues which ultimately became involved in the legislation before you. Our Association submitted that questionnaire to the entire membership and presented the results to the President's Commission. Since the publication of the Commission's Report and the introduction of S. 1042, our Association has again carefully gone into the entire matter, this time in a succession of membership meetings. The position of The Philadelphia Patent Law Association is set forth in a series of resolutions which were individually adopted after full discussion of each and are appended to this statement.

With this background concerning The Philadelphia Patent Law Association, I now take great pleasure in introducing to you John C. Dorfman, Esquire of our Patent Legislative Committee who will testify on behalf of The Philadelphia Patent Law Association.

BY MR. DORFMAN:

The Philadelphia Patent Law Association wholeheartedly endorsed the objectives stated in the Report of the Presidential Commission,¹ which we understand led to S. 1042 (Resolution 1). A strong Patent System is most important to the health of our American economy, and, therefore, like the Presidential Commission, we agree that changes are needed from time to time to keep the Patent System healthy. As our position stated below reflects, we believe that some changes are desirable at this time for this reason.

In reviewing any proposed legislation the tendency is to gloss over or ignore completely changes which are approved and to criticize only areas where there is disagreement. Inevitably most of our appended resolutions have been stated in opposition to propositions with which we disagree. However, on matters of major consequence we have, where possible, stated a position favoring in principle the approach if not the language of the proposed statute S. 1042, and study of the resolutions will indicate an affirmative position in some respect in 14 of the 33 resolutions. In each case, as will appear below, we believe our position is consistent with the stated objectives of the Presidential Commission.

¹ "To Promote the Progress of . . . Useful Arts" in an Age of Exploding Technology, Report of the President's Commission on the Patent System, November 16, 1966.

Perhaps the most conspicuous area requiring improvement in our Patent System is that involving interferences. At the heart of our interference system is the American tradition that a patent should be granted to the first diligent inventor, not the first who files his application in the Patent Office. More is required of the inventor than that he merely be the first to conceive. He must also work diligently to reduce that invention to practice, either actually or constructively by filing a patent application. This tradition is in line with the idea that the individual inventor having fewer resources and facilities frequently needs more time to develop and determine the scope of his invention than the inventor in rich and powerful corporate organizations. S. 1042 eliminates § 135 and § 146 of the present law and thereby effectively completely eliminates from our system interference proceedings which have permitted the diligent prior inventor to be awarded a patent in preference to one who is simply the first to file a patent application. Our Association recognizes that interferences in their present form result in substantial delays, are expensive, often involve parties who would prefer not to be in contest because the contest is forced upon them, and last, but perhaps most important, prevent the early issuance of a patent and the publication of its contents.

Rather than the complete elimination of interferences, our Association favors statutory modification which would provide for the granting of the patent to the first to file, subject to the provoking of an interference by a junior applicant within one year after issue of the first filed application (Resolutions 5 and 6). In this way publication would be prompt in accordance with the Commission objective. In addition a great many interferences would never take place because the burden to provoke an interference would be on the junior party who would not feel compelled to go forward with an unwanted interference. A substantial part of all interferences, and their accompanying expense to both parties, would thereby be eliminated. Yet in those cases where a junior applicant feels that he has a genuine right to the invention, he would have his opportunity to show his priority and obtain a patent. We believe this suggested modified procedure would meet most of the objections to interference procedure as it exists today. As a matter of interest, essentially this type of procedure has been administratively instituted in the Patent Office recently, and we feel it should be given a chance to prove its worth. We believe that it is worth trying such an intermediate type of procedure before eliminating entirely from our system our tradition of granting the patent to the first diligent inventor.

Of equal concern to our membership is the group of proposals which have been suggested in the name of making our system compatible with others in the world. Seeking areas of compatibility with foreign patent systems seems to be a worthwhile long range objective, but our Association has specifically gone on record as opposing changes in our laws which would work to the disadvantage of the American citizens without gaining advantages for Americans in the foreign patent systems (Resolution 32). In other words, unilateral changes in our laws in the hope that others may adopt the system which we adopt, seem to us to be generally not useful. Our objective should be to provide the best possible protection for inventors for a minimum of expense and with a minimum of delay, while maintaining the quality of the product so that, in accordance with the traditional contract-like arrangement between the inventor and the public, the public may have an early disclosure of advances in technology.

Section 102(a) of S. 1042 proposes elimination of the present period of one year within which a patent application may be filed after public use or sale of the invention in the United States, or patenting or description in a printed publication elsewhere (Resolution 2). This so-called "grace period" is admittedly not useful to those who intend to file patent applications in a certain few foreign countries. However, the great bulk of applications filed in the United States, and especially many of those filed by small corporations and individual inventors, are never filed abroad. Many people in these latter categories rely heavily upon this one year grace period to experience some public use or commercial testing of their invention before they go to the expense of filing a patent application and such testing is frequently necessary before the value or the scope of the invention can be determined. This change would again work a hardship on the individual inventor, or a small corporation, without really accomplishing anything substantial toward reaching compatibility with other patent systems, since there are many different systems in various countries. Compatibility in the view of many must be worked out on some sort of international agreement basis before it can be adopted by the various countries of the world.

In this same vein, Section 103 of the proposed statute applies the test of obviousness, which has been the traditional test of patentability in this country, at a time "on or before the filing date of the application" instead of the earlier date presently applicable "at the time the invention was made". We oppose such a change (Resolution 4). The consequence of such a change would be that delays in filing would subject the applicant to loss of patent rights because of "prior art" which comes into existence subsequent to his invention but before the time of filing. The delays involved are more commonly experienced by small corporations and individual inventors, and are often not only justifiable but necessary if effective protection is to be obtained.

Our Association also opposes inclusion of public use or unpublished disclosures abroad as a bar to a United States patent (Resolution 3). Proposed Section 102(b) would change the law so that any public use anywhere in the world, whether the subject matter of a publication or not, would constitute a bar to United States applications. This would result in an intolerable situation from the standpoint of proof, and the already great expense of litigation would be made even greater as attorneys and witnesses were forced to travel to remote portions of the world to gather evidence and take testimony relative to such public use. Foreign publications which under present law are already a bar to obtaining a United States patent, on the other hand, are available far more readily and speak for themselves as far as their contents are concerned. In our view Section 102(b) would promote none of the objectives of the Commission and add substantially to already high litigation costs.

Tied in with the ideas of eliminating interferences and eliminating the grace period are Sections 111 (c) and (d) of S. 1042 creating a preliminary application. This preliminary application supposedly does not have the formal requirements of a full application and might be filed by an inventor himself. Our Association opposes preliminary applications because they may very well prove to be a trap for the unwary and also because they tend to put the small company and individual at a disadvantage (Resolution 7). It is argued that the preliminary application would at least protect as to what is disclosed. However, the inventor often does not know at an early date what information will have to be disclosed in order to protect his invention adequately. Lulled by a feeling of security having filed his preliminary application, the inventor may later discover that his complete application is barred by some public use or publication subsequent to the preliminary application because it does not have sufficient basis in the preliminary application. Furthermore, the comparison that will be necessary among many preliminary and complete applications, will result in delays similar to those inherent in our interference practice and thus defeat the Commission's objective of shortening the pendency of patent applications. Moreover, contrary to the Commission objectives the applicant will be put to additional burdens of expense of further explanations and arguments about how the complete application is fairly based on the preliminary.

Furthermore, the research department, which is geared to turning out disclosures at a high rate can use the preliminary application provision to its advantage by filing all reports and disclosures on a daily or weekly basis, a procedure that the individual and even small corporations could not begin to afford. The greatly increased cost of filing everything as a precaution will not be the burden of the corporation alone, however. The Patent Office will have to materially increase its staff to handle preliminary applications.

Section 120(b) (3) relating to continuing applications is opposed by our Association because traditionally the continuation-in-part application has been a vehicle whereby new subject matter could be added to an application without losing filing dates as to subjects matter of earlier application (Resolution 13). Section 120(b) (3) cuts off the right to file a continuation application after an appeal is filed, even though it is often not until the determination of rights by appeal that the need for a continuation is known. Also this provision would appear to prohibit a chain of continuations-in-part. In view of what we believe will be general support of Section 154(b) of S. 1042 modified to determine the life of patents from the first complete application date, any alleged abuser who intentionally delays issuance of his patent will suffer corresponding loss of life of his patent (Resolution 25). Consequently there is no need for the proposed section. Section 120(b) (3) may also prevent the Commission's objective of raising the quality and reliability of patents by forcing issuance of applications in bad form or incomplete in content, such as patent applications originating abroad, in those cases where an earlier filing date would be lost by refiling.

A matter which has concerned our Association greatly has been the various proposals requiring publication of applications before a patent is granted. Traditionally, our system has given an inventor a limited monopoly for a limited period of time in exchange for his disclosure, which adds to public knowledge. The problem with various systems requiring publication is that the publication destroys the secrecy in which the inventor's application has traditionally been preserved until he is sure that he is going to obtain the kind of coverage that he wants. If he does not obtain the coverage that he wants he has been free to continue to maintain his invention in secrecy. However, if publication were introduced this would no longer be the case. The inventor might very well have his invention published and thereafter have his claims refused so that he longer has the option of secrecy. The effect of such a system of publication in the view of our Association would be to encourage secrecy at the expense of the public good derived from publication of advances in the art. Our Association is not opposed to publication Section 123 of S. 1042 per se, for example, but merely opposed to publication of a pending application until an indication of allowability is received (Resolution 12).

Sections 136(a), (b), (c) and (e) of S. 1042 have to do with ex parte citation of references against published applications. Our Association favors this type of procedure, again provided publication occurs only after the allowability of the application has been indicated (Resolution 16).

This same publication problem recurs as part of the standby authority for deferred examination provided in Sections 191 through 194. Our Association primarily disapproves of these sections, however, for the reason that we believe that a matter of such importance should not be invoked by the Commissioner (Resolution 14). If deferred examination is to be introduced, it should be considered on the basis of positive statutory enactments and then-current needs fully considered by the Congress.

While The Philadelphia Patent Law Association believes that such things as ex parte citation of references can help the Examiner give more complete consideration to the patentability of a particular application, it is not in favor of Section 257 of S. 1042 or generally of continuing beyond the granting of the patent some procedure within the Patent Office for cancellation or revocation of patents (Resolution 22). This procedure would permit unwarranted harassment of a patent owner seeking to assert his patent claims against an infringer, since the infringer would then not only be able to defend a lawsuit brought against him for infringement in the District Courts, but also be able to provoke a second action for revocation in the Patent Office. This would obviously run counter to the objective of reduction of expense of litigating a patent.

Our Association also believes that just as the applicant should be entitled to narrow he should be entitled to broaden his claims to the extent permitted by the present statute permitting broadened reissues. (Resolution 23). The quality and reliability of a patent may depend on the opportunity to broaden as well as to narrow it and the existing doctrine of intervening rights protects the innocent from harm by a broadened reissue. For this reason, the Association disapproves Section 251 (c) of S. 1042.

The Patent Act of 1949 first introduced the terminal disclaimer. The law of terminal disclaimer has been slow in development but the Court of Customs and Patent Appeals has recently been interpreting the law and presently provides what many lawyers feel to be a very equitable solution to the previously difficult double patenting situation where two applications are owned by a common assignee. Our Association believes this is a healthy trend in line with the Commission objective of improving quality and reliability of patents and opposes Section 253(c), which would eliminate the terminal disclaimer (Resolution 27).

Our Association approves the design and plant patent provisions of S. 1042 (Resolution 8). However, we disapprove the blanket elimination of computer programs from patentability, and specifically disapprove Section 106 of S. 1042 (Resolution 9). The Patent Office presently rejects computer programs per se as unpatentable. On the other hand, the proposed statute is so broad that it would even make unpatentable programable devices, such as an automatic dishwasher having certain predetermined cycles.

Our Association is distrustful of and therefore opposes Section 137 of S. 1042 which places upon the applicant the burden of persuading the Patent Office that a claim is patentable (Resolution 15). In practice, most attorneys feel that they already have this burden. A statutory provision might be interpreted to

mean that attorneys have some inadequately defined heavier burden of persuasion than they presently have. Similarly, our Association disapproves Section 148 of S. 1042 on the basis that a presumption of Patent Office correctness could be interpreted to add an intolerable burden to the already heavy burden carried by one seeking to overcome a decision refusing claims in a patent application (Resolution 19).

Our Association disapproves of Section 147 of S. 1042 and of having the Court of Appeals for the District of Columbia review decisions of the specialized Court of Customs and Patent Appeals (Resolution 20). The latter sits as a five judge appeals court and their experience in the patent law is far greater than the experience of any possible three judge panel of the Court of Appeals. Our Association would like to see a patent court, probably the Court of Customs and Patent Appeals, having alternative jurisdictions as a trial *de novo* or appeal court (Resolution 21). Even under these circumstances there would be no need to have review by the Court of Appeals as the proposal would have a panel of different judges sit as an appeal court.

Our Association opposes providing infringement liability prior to patent issuance after a claim has been allowed and therefore opposes Section 273 of S. 1042 (Resolution 24).

Our Association has long been concerned about the importation of products made abroad under the claims of a United States process patent, which if made in the United States would constitute an infringement. The Association therefore favors Section 271(b) of S. 1042, but specifies certain amendments which should be made (Resolution 28). These amendments would not permit the United States Government to be exempted, as it would be under the present wording of the statute proposed.

Our Association favors creation of the office of "Civil Commissioner" in accordance with the proposed new 28 U.S.C. § 757 of S. 1042 for the purpose of conducting discovery proceedings in a District Court action up to pretrial (Resolution 29). A commissioner who sits in on discovery depositions and becomes sufficiently familiar with the subject matter of the suit could, among other things, make rulings on the spot which might otherwise require considerable delay and possibly formal motion practice.

Our Association supports, in principle, the idea of development of an effective and continuing quality control program in the Patent Office (Resolution 18). We furthermore favor the formation of a statutory advisory counsel, as proposed in Section 15 of S. 1042 (Resolution 30). In each case, however, we believe the committee and the counsel should be discouraged, and preferably prohibited, from rendering reports suggesting that patents in any given period are of high or low quality so as to result in "vintage year" patents. An outstanding invention in a poor vintage year might be impaired and a weak invention in a good vintage year might be aided.

Our Association through oversight failed to vote on the so-called "in rem invalidity" provision; Section 294 of S. 1042, which would create an estoppel against the patentee and those in pivity with him arising out of adjudication limiting the scope of any patent claim, or holding it invalid. However, the Association is taking a position in opposition to this provision and Section 294 in light of the position of our Board of Governors and the Legislative Committee who were polled, and were overwhelmingly opposed to this provision. Simply because a patentee has been once successful in asserting his patent, he should not thereafter be foreclosed from asserting it again. Such a provision is certainly unfair to the litigant who successfully asserts his patent one or more times and then has his patent held invalid. Even on a first trial a single judge who may be opposed to the patent system and would not hold the patent valid under any circumstances could ruin the chances of a most outstanding advance in the art. Our experience is that where a patent is held invalid, in the vast majority of situations, it is never re-litigated (Resolution 33).

The Association believes that Section 41(a) of S. 1042 should be disapproved since it believes the authority for setting fees should be retained by the Congress and not be left to the discretion of the Commissioner (Resolution 31). In an extreme situation the Commissioner could arbitrarily set fees in a particular function of the office so as to make a given activity practically unusable to the public. Such a power should be retained by the Congress and not made available to the Commissioner.

Our Association disapproves requiring the claiming of priority when a complete application is filed and favors retention of 35 U.S.C. § 120 in its present form instead of Section 120 of S. 1042 (Resolution 11).

Our Association favors public use proceedings as presently provided and opposes Section 136(d) of S. 1042 (Resolution 17). At the present time public use proceedings in the Patent Office are rare and usually arise only in connection with subject matter in interference. The proposed statute could make an expensive proceeding more common instead of leaving the same issues for determination in the statistically less likely event of an infringement suit.

In passing, our approval of measuring the life of a patent from its effective filing date and its approval of Section 154(c) of S. 1042 was mentioned (Resolution 26). This type of arrangement assumes that the Patent Office will do all in its power to minimize delays. The Patent Office under Commissioner Brenner has done a commendable job in this regard.

CONCLUSION

In summary our position is that the objectives of the President's Commission cannot be met by adoption of S. 1042. While S. 1042 has introduced many ideas worthy of consideration, it appears to our Association to have defects which make its blanket adoption quite undesirable. Other bills are in preparation which deserve careful consideration. While it is unlikely that our Association would approve of all parts of any bill, it seems more likely that a subsequently introduced bill might require less major amendment to make it acceptable in our view on the basis of the stated objectives of the President's Commission. We urge a full hearing of S. 1042 and a similarly full hearing of other bills, and we request the opportunity to testify against relative to proposed legislation which may be later introduced.

Again, may we express our thanks for being given this opportunity to be heard by you.

RESOLUTIONS WITH RESPECT TO THE REPORT OF THE PRESIDENT'S COMMISSION ON THE PATENT SYSTEM AND THE REFORM ACT OF 1967 (AS SET FORTH IN S. 1042 AND H.R. 5924)

Adopted at Duly Convened Meetings of the Philadelphia Patent Law Association, March 23, 1967, and April 20, 1967

RESOLUTION 1

Resolved, That the PPLA:

(a) unqualifiedly endorses the stated objectives of the President's Commission, to wit:

1. To raise the quality and reliability of the U.S. Patent.
2. To shorten the period of pendency of a patent application from filing to final disposition by the Patent Office.
3. To accelerate the public disclosure of technological advances.
4. To reduce the expense of obtaining and litigating a patent.
5. To make U.S. patent practice more compatible with that of other major countries, wherever consistent with the objectives of the U.S. patent system.
6. To prepare the patent system to cope with the exploding technology foreseeable in the decades ahead.

(b) recognizes that these desirable objectives can be achieved by amendment of our patent laws consistent with the spirit of the Constitutional provision; and

(c) desires to assist congress in its consideration of legislation submitted from time to time touching on the Patent System and the administration thereof.

RESOLUTION 2

Resolved, That the PPLA opposes any change in 35 U.S.C. 102(b) which would shorten or eliminate the present period of one year within which a patent application may be filed after public use or sale of the invention in the United States or patenting or description in a printed publication anywhere, and specifically disapproves Sections 102(a) and 105(a) and (b) of S. 1042 and H.R. 5924 in this regard.

RESOLUTION 3

Resolved, That the PPLA opposes inclusion of public use or unpublished disclosures abroad as a bar to a U.S. patent, and specifically disapproves Sec. 102(a) of S. 1042 and H.R. 5924 in this regard.

RESOLUTION 4

Resolved, That the PPLA disapproves of the use of the filing date of a U.S. patent or published complete application as the date such patent or published application shall constitute prior art, and specifically disapproves of Sec. 102(b) of S. 1042 and H.R. 5924 and disapproves of the proposed change in language in Sec. 103 which applies the test of obviousness "on or before the effective filing date of the application."

RESOLUTION 5

Resolved, That the PPLA is opposed to the elimination of interference proceedings and its specifically opposed to the eliminating Sections 135 and 146 of the present law from S. 1042 and H.R. 5924.

RESOLUTION 6

Further resolved, That the PPLA recommends elimination of the declaration by the Patent Office of interferences between pending applications in favor of permitting the issuance of the first-filed application as a patent with the junior applicant having the right to provoke an interference therewith within one year even though the junior applicant cannot specifically copy the patent claims.

RESOLUTION 7

Resolved, That the PPLA disapproves of the use of preliminary applications to secure a filing date as set forth in Section 111(c) and (d) of S. 1042 and H.R. 5924.

RESOLUTION 8

Resolved, That the PPLA is in favor of the design and plant patent provisions of S. 1042 and H.R. 5924.

RESOLUTION 9

Resolved, That the PPLA disapproves the blanket elimination of computer programs, from patentability and specifically disapproves Section 106 of S. 1042 and H.R. 5924.

RESOLUTION 10

Resolved, That the PPLA favors modification of the law to permit owners as well as inventors to file patent applications, provided the inventors are fully identified, and specifically approves Section 111(a) of S. 1042 and H.R. 5924.

RESOLUTION 11

Resolved, That the PPLA disapproves requiring claiming priority when a complete application is filed and favors retention of 35 U.S.C. 120 in its present form instead of Sec. 120 of S. 1042 and H.R. 5924.

RESOLUTION 12

Resolved, That the PPLA approves Sec. 123 of S. 1042 and H.R. 5924 if amended to provide for publication of pending applications only after an indication of allowability but disapproves Sec. 123 of S. 1042 and H.R. 5924 in its present form.

RESOLUTION 13

Resolved, That the PPLA opposes the limitation to filing of Sec. 120(b) (3) of S. 1042 and H.R. 5924 as overly stringent and unnecessarily limiting.

RESOLUTION 14

Resolved, That the PPLA opposes provision at this time for deferred examination and therefore disapproves Sections 191 through 194 inclusive of S. 1042 and H.R. 5924.

RESOLUTION 15

Resolved, That the PPLA disapproves in principle a fixed policy of placing upon the applicant the burden of persuading the Patent Office that a claim is patentable, and specifically disapproves Sec. 137 of S. 1042 and H.R. 5924.

RESOLUTION 16

Resolved, That the PPLA approves in principle the ex parte citation of references against published applications but only approves publication after allowability has been indicated and specifically approves Sec. 136(a), (b), (c) and (e) of S. 1042 and H.R. 5924 if so limited.

RESOLUTION 17

Resolved, That the PPLA opposes Sec. 136(d) of S. 1042 and H.R. 5924 in its present form but approves of public use proceedings as presently provided.

RESOLUTION 18

Resolved, That the PPLA approves in principle the development and maintenance in the Patent Office of an effective continuing quality control program but disapproves in principle publication of ratings of the quality of patents issued each year.

RESOLUTION 19

Resolved, That the PPLA believes that the burden on one seeking to overcome the presumption attached to a decision refusing claims should be no greater than the burden on one seeking to overcome the presumption attached to a decision granting claims, and therefore specifically disapproves Sec. 148 of S. 1042 and H.R. 5924.

RESOLUTION 20

Resolved, That the PPLA disapproves the provision for review of decisions of the Court of Customs and Patent Appeals by the Court of Appeals for the District of Columbia, and specifically disapproves Sec. 147 of S. 1042 and H.R. 5924.

RESOLUTION 21

Resolved, That the PPLA, in sympathy with the purpose of promoting the uniformity of interpretation and administration of the patent laws of the United States, the purpose underlying Recommendation XIV of the President's Commission on the Patent System approves in principle the solution proposed in Resolution 23 adopted by the Patent Section of the American Bar Association at the August 1966 annual meeting of the Section, whereby sole jurisdiction over review of decisions of the Patent Office would be conferred on a special court of record, established under Article III of the Constitution, and empowered to hear and determine in a trial de novo issues presented by the decision to be reviewed, and to hear and determine an appeal from any such trial de novo or directly from the Patent Office on the record made before it.

RESOLUTION 22

Resolved, That the PPLA disapproves in principle the establishment of procedures for the cancellation of patents, at the instigation of a third party, and specifically disapproves Sec. 257 of S. 1042 and H.R. 5924.

RESOLUTION 23

Resolved, That the PPLA favors in principle the retention of the patentee's right to obtain a broadened reissue under the limited circumstances defined by existing law, and specifically, disapproves Sec. 251(c) of S. 1042 and H.R. 5924.

RESOLUTION 24

Resolved, That the PPLA disapproves providing for infringement liability prior to patent issuance, and specifically PPLA opposes Sec. 273 of S. 1042 and H.R. 5924.

RESOLUTION 25

Resolved, That the PPLA disapproves determining the life of a patent from the date of filing a preliminary application but approves determining the life of a patent from the date of filing of a complete application, and specifically opposes Sec. 154(b) of S. 1042 and H.R. 5924.

RESOLUTION 26

Resolved, That, if the life of a patent is to be measured from the effective filing date, the PPLA favors extension of the life of a patent for a period equal to the delay in issuance of the patent after notice of allowability, and specifically favors Sec. 154(c) of S. 1042 and H.R. 5924.

RESOLUTION 27

Resolved, That the PPLA favors permitting a terminal disclaimer to overcome a holding of double patenting and specifically opposes Sec. 253(c) of S. 1042 and H.R. 5924.

RESOLUTION 28

Resolved, That the PPLA favors making importation into the United States by any person (including the Government of the United States for sale or use in the United States) of a product made abroad by a process patented in the United States an act of infringement, and specifically favors Sec. 271(b) of S. 1042 and H.R. 5924 subject to the elimination of the phrases "for purposes of trade or use in trade or industry," and "provided patent protection for the process is not available in such country" and the insertion of the phrase "including the Government of the United States" after "Whoever," in line 1 of Sec. 271(b).

RESOLUTION 29

Resolved, That the PPLA favors creation of the offices of "Civil Commissioner" to conduct discovery proceedings up to pretrial proceedings, and specifically favors the proposed new statute 28 U.S.C. 757 if so limited.

RESOLUTION 30

Resolved, That the PPLA favors a statutory advisory council provided said council does not render reports suggesting patents in any given period are of high or low quality and specifically favors Sec. 15 of S. 1042 and H.R. 5924.

RESOLUTION 31

Resolved, That PPLA disapproves giving authority to the Commissioner to set fees particularly on the basis of a percentage of cost of operation, and particularly disapproves Sec. 41(a) of S. 1042 and H.R. 5924, but approves of giving the Commissioner authority in areas other than setting the amounts of fees, and approves Sections 41(b), (c) and (d).

RESOLUTION 32

Resolved, That the PPLA favors cooperation on an international basis, but opposes changes in our law which work to the disadvantage of American citizens without gaining advantages for Americans in foreign patent systems.

A true copy.

Attest:

WILLIAM H. ELLIOTT, Jr., *Secretary*.

RESOLUTION WITH RESPECT TO THE REPORT OF THE PRESIDENT'S COMMISSION ON THE PATENT SYSTEM AND THE PATENT REFORM ACT OF 1967 (AS SET FORTH IN S. 1042 AND H.R. 5924)

Approved by the Board of Governors of the Philadelphia Patent Law Association on May 8, 1967

RESOLUTION 33

Resolved, That the PPLA disapproves legislation which would create an estoppel against the patentee, and those in privity with him arising out of an adjudication limiting the scope of any patent claim or holding it invalid.

Further resolved, That the PPLA is opposed to Section 294 of S. 1042 and H.R. 5924.

A true copy.

Attest:

WILLIAM H. ELLIOTT, Jr., *Secretary*.

RESOLUTION 23 ADOPTED BY THE AMERICAN BAR ASSOCIATION
AT MONTREAL, AUGUST 1966

Resolved, That the American Bar Association approves in principle the appointment of lawyers experienced in patent law as judges of a Federal court of record established under Article III of the Constitution of the United States and the utilization of such judges to sit, from time to time, in any United States Court of Appeals by designation pursuant to Chapter 13 of Title 28, United States Code:

And in specific implementation of the foregoing resolution, and for the additional purpose of promoting the uniformity of interpretation and administration of the patent laws of the United States in the review of rulings of the Patent Office, be it further: *Resolved*, That the American Bar Association favors the revision of Titles 28 and 35, United States Code, to confer sole jurisdiction over review of decisions of the Patent Office on a court of record not a district court of the United States, established under Article III of the Constitution of the United States, consisting of not less than nine judges specially qualified in the law of intellectual property, any one of whom is empowered to hear and determine in a trial de novo pursuant to the Federal Rules of Civil Procedure the issues presented by the decision to be reviewed, and any division of three of whom (exclusive of the trial judge in a given case) is empowered to hear and determine an appeal from any such trial de novo or directly from the Patent Office on the record made before it; and the powers and procedures of the court within its appellate jurisdiction, including sessions en banc, and the review of its appellate decisions, shall conform to like powers, procedures, and review applicable to the courts of appeals of the United States.

THE PHILADELPHIA PATENT LAW ASSOCIATION,

Philadelphia, Pa., May 26, 1967.

Senator QUENTIN N. BURDICK,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BURDICK: On behalf of The Philadelphia Patent Law Association, we want to thank the Senate Subcommittee on Patents, Trademarks and Copyrights for giving us the opportunity to testify in regard to S. 1042 last Thursday, May 18th. At the hearings you may recall that you invited John C. Dorfman, Esquire to see if The Philadelphia Patent Law Association could propose some revised language for Section 135 of the present law dealing with interferences along the lines of the proposal in our statement. We have done this and are enclosing a proposed revision of Section 135 which has the approval of the Board of Governors of The Philadelphia Patent Law Association. While you will appreciate from our statement that we have ideas about other Sections, in line with your request we have confined our present proposal to Section 135 only. This proposal should be considered in the context of the present Statute and is based on Resolution 6 of The Philadelphia Patent Law Association appended to our Statement.

If you would like to discuss this proposal with us, we will be glad to do so and if there are any other Sections of the Patent Statute on which you would like our recommendations, we will be glad to cooperate with you.

Thank you again for the courtesy extended to our delegation at the hearings.
Very truly yours,

ROBERT B. WASHBURN, *President.*

PROPOSED REVISION OF 35 U.S.C. 135, INTERFERENCES

(a) Whenever there are two or more co-pending applications for patents which, in the opinion of the Commissioner, would interfere with each other, he shall, upon determination of patentability and payment of the prescribed final fee, issue a patent on the first such application filed and reject interfering claims of any junior application on the issued patent.

(b) Any person believing himself entitled to a patent including one or more claims which are the same as, or for the same or substantially the same subject matter as, one or more claims of an issued patent may, within one year from the

date upon which the patent was granted, petition the Commissioner to declare an interference proceeding, presenting claims to such subject matter in a patent application and identifying the interfering subject matter. Upon determination that interfering subject matter does exist, the Commissioner shall declare an interference and shall give notice thereof to the applicant and the patentee. The question of priority of invention shall be determined by a board of patent interferences (constituting of three examiners of interferences) whose decision, if adverse to the applicant, shall constitute the final refusal by the Patent Office of the claims involved. If the board's decision is favorable to the applicant, the Commissioner shall issue a patent to the applicant. A final judgment adverse to the patentee from which no appeal or other review has been or can be taken or had, shall constitute cancellation of the claim involved from the patent, and notice thereof shall be endorsed on copies of the patent thereafter distributed by the Patent Office.

(c) The failure of any applicant to petition the Commissioner under (b) above shall not estop such applicant thereafter from asserting the defense of prior knowledge or use or any other defense available to such applicant.

Retain present subsection (c) but renumbered as (d).

Mr. BRENNAN. Mr. Peter Costas, president of the Connecticut Patent Law Association.

STATEMENT OF PETER L. COSTAS, PRESIDENT, CONNECTICUT PATENT LAW ASSOCIATION

Mr. COSTAS. I have submitted a prepared statement. I ask that it be entered in the record. I will not attempt to summarize my summary, but will just be as brief as possible.

First of all, most of the patent practitioners in this country feel that the system that we have is inherently sound and that the cure for any ills it may have does not come about by executing the patent, but rather by looking for ways to make him better. I think the problems we are hearing are largely problems with respect to operation of the Patent Office itself.

To be sure, the patent attorneys can do a little to help, to move things along in the Patent Office, but basically, the Patent Office's difficulty is in lack of experienced personnel, lack of adequate searching facilities, lack of ability to keep personnel. They have lots of young examiners who take up lots of time of the senior examiners, but they hold very few of the truly competent senior examiners. These are the people who can be productive.

I myself, can generally say I am fortunate in my dealings with the Patent Office. I have found very few examiners whom I can regard as incompetent. I have found them generally to be very cooperative. But I must confess that the level of their experience in many instances is well below what is required to achieve optimum operation of the Patent Office. I think part of this is due to the fact that we have the grade levels, the GS grade levels, which say that there can be x number of people at GS-14, 15, and so on, so you are not providing an incentive to keep these people in the Patent Office at \$15,000 or \$16,000 a year when they can go out into private or corporate practice at \$25,000 a year. You are losing many of them. You are losing the efficiency of the Patent Office. When you do not provide them the tools to really move along rapidly in making the searches and making the examinations, this is an error.

The Patent Office has come out with many suggestions as to what to do. All of a sudden, this is going to be scrapped, with the idea

of let us issue patents as fast as we can and issue them to the first to file. This is a very, very serious change from what we have done in the past, which is to pursue not only the concept of invention, but the concept of perfection of invention. To that extent the inventions or most of the patents issued in this country have at least seen some form of reduction to practice before they are ever filed as applications.

This is not true in Europe. In Europe, where they do maintain this concept of novelty in the rush of the patent office, there is sheer garbage, gentlemen, filed in the patent offices of these countries. We in the United States who are faced with the idea of trying to get our patents in a form suitable for filing in the U.S. Patent Office are aware of just how poorly this European system works, and frankly, we want no part of it. But we have seen in this country great industrial expansion, great incentive for research and development. We have seen great venture of private capital to bring new ideas to the marketplace and to perfect them. This is one of the reasons why all of us sit here enjoying the economy that we do.

It is quite well known, as I think the statistics set forth by the Commissioner and the Assistant Secretary of Commerce bring out, that many of the patent applications filed in this country are filed abroad, and frankly, I think it is the quality of the patent applications filed in this country that keeps many of the foreign patent systems going.

The comment has been made that we should seek harmonization. I would like to repeat what has been said previously. I think it would be a wonderful idea if we could in fact find some basis for an international patent. But as a practical matter, the Common Market has been working on a Common Market patent for 10 years and is no closed now than they were 10 years ago. Yet this is basically what the Commissioner of Patents and the Assistant Secretary of Commerce come to us and ask us—let us scrap our system and see if we can find one which harmonizes with that of France, Germany, Italy, so we can work toward an international patent.

Frankly, our system works better. Many Europeans admit this privately to us, some admit it publicly. Yet we are to scrap our system in favor of the French system. Frankly, I think this is wrong. Our economy looks a lot better than that of France; our technology looks a lot better than that of Italy.

Senator McCLELLAN. You are against the bill?

Mr. COSTAS. I am against the concept of first to file and many of the provisions which are based on this concept of first to file, Mr. Chairman. I think the bulk of the patent world is, too. I think most of our 170 members have no problem. We have come to the conclusion by about a 90-percent ratio that we were unalterably opposed to the first-to-file principle.

Many work for large corporations, many work for small corporations, many work for private people—but they were all agreed that it cures nothing. Much is being said about the first-to-file principle. When it is analyzed, we can show you that everything that it is supposed to do is actually going to produce greater harm.

The backlog in the Patent Office will be reduced no more. The applications will be going in in greater abundance because you are

going to file on everything. You are not going to screen what you are filing in the Patent Office. Of the disclosures that now come into my office in private practice, only a third is ultimately filed in the U.S. Patent Office.

Probably twice as many will be going into final applications, because at the end of 1 year we have still not decided whether we are going to go forward with the development or not. This is what you are going to be getting in the Patent Office. So where is your backlog going to be reduced? It is not.

They talk of interference being the great bugaboo. Very few of the applications in interference actually go through full proceedings as long as one of the parties realizes he is going to lose. I have been practicing 11 years. I have never had one interference go past the motion period, and very few of my patent applications have been involved in interference.

Now, we have the problem—I am sure that the committee is wondering why there is apparent disunity on the part of the patent profession with respect to these proposals? I would like to point out the haste with which this bill was submitted to Congress. As you know, the President's Commission issued its report in December; this bill was submitted to the Congress in early February. There was no opportunity, no incentive, no request whatsoever that the patent profession consult with the draftsmen of this piece of legislation. In fact, we did ask for that opportunity and were turned down. They said when it gets to Congress consult with the committee.

This is hardly the thing to do if you are looking to provide a polished, reasonably intelligent interpretation of the required changes in the law, because there are a lot of people who have many things to say about these changes. Dialog is what is necessary, not monolog. Unfortunately, what we have seen is monolog.

I question who is calling for these basic changes in our patent statutes. It is not the patent practitioners themselves. It is not the inventors; it is not the companies.

Who is calling for these changes? It seems that it is the Assistant Secretary of Commerce or the Commissioner of Patents saying, I am incapable of solving our problems. And who else? I am still not sure.

To be sure, the patent profession recognizes the need for some changes. S. 1042 includes some good changes. But when you say we are going to scrap the age-old concepts of our patent system which have worked well for 130 years in favor of the principles which are not working quite so well in Europe, there is something fundamentally wrong.

The last few points I would like to make are about the fact that I notice that the Commissioner has more or less indicated that the Dodd bill provides very few changes and that in effect, he is trying to compare it to 1042. I would like to say that the Dodd bill does not represent complete accord with the position of the Connecticut Patent Law Association. We feel that additional changes might appear in that bill.

By the same token, the Dodd bill incorporates changes which are generally accepted throughout the patent profession as being desirable changes. It, in terms of the interferences, attempts to encourage the

earlier filing of patent applications by limiting a party in an interference proceeding to proving dates not more than 2 years prior to the filing date of his application. So he cannot sit on his hands forever because if somebody comes in a year before he does and has a conception date 2 years prior, the fact that the fellow may have had it 5 years earlier does not mean a thing. But by the same token, there is a rule being applied in this need to get the inventor to file earlier.

As far as the current interference proceedings go, the gentleman from the Philadelphia Patent Law Association pointed out that the Patent Office is following a procedure which is issuing patents to a person having a filing date more than 6 months prior to the filing date of the second applicant. Then that second applicant has the option of seeking to declare interference by copying claims from that patent for 1 year. So in a sense, there has been a tendency toward reducing the amount of interference declared by the Patent Office.

So I think it is wrong if this constant stress is made upon interference being a big bugaboo. They involve a total of less than 1 percent of the applications, and they very rarely involve the amounts of time being talked about when they talk about the abuses and consumption of time of personnel in the Patent Office.

The Dodd bill on this question of importation, by the way, does not limit the right to restrict the imported material to being from a country in which patent protection upon that material was not obtainable. If you were to follow the proposal of 1042, what it says is that you must seek protection in 100-some countries. If that country should, as in the case of Italy and France, refuse protection upon some drug products, then you would be able to keep them out. That is a condition.

But if we are seeing someone who has made a very significant contribution in the terms of process in this country, we are trying to afford him the protection to which he is entitled, and that would be excluding infringing material. You do not do this by saying he has to find out about and make efforts to get protection in every country of the world, because all it means is somebody turns to Gambia or some place else and starts operating over there. It is a shallow protection that would be accorded by 1042.

The last thing I would like to suggest is that the Dodd bill has a number of features which do provide some significant improvements. First of all, it deletes the requirement that a foreign publication be printed. Many publications are not truly printed. This word has produced lots of controversy between the attorneys. But just removing the word "printed" from publication, ends this. A Xerox print, photograph what have you—these are all publications, concrete documents. They are things which are capable of proof, rather than being subjected to the vagaries of somebody's recollection.

The concept of using prior use or sale anywhere in the world as a bar to patentability—this is frightful. Just recently, gentlemen, one of my clients had to decide on whether to invest \$250,000 in tooling up for a new process. This is not a large company, but a company which has less than a few million dollars in assets. To them \$250,000 is a great deal of money. It is a great deal of money to most people. But they did so on the basis that the Patent Office, after 5 years, was allowing claims on their patent applications. We had conducted searches in Germany, France, Great Britain, and the United States, and in

literature, and had found no better prior art than that which we called to the attention of the Patent Office. Therefore, I could go to that board of directors and say, gentlemen, with at least some reasonable degree of certainty, I think the claims on our patent will be quite sustainable. Therefore, gentlemen, I would encourage you to take the risk of the capital we are talking about.

What you would be doing with 1042, as suggested by the Patent Office bill here, would be to suggest that so long as somebody could look long enough and hard enough and perhaps find a witch doctor in Gambia, he can knock out a patent. We are trying to encourage investment in capital expenditures, trying to encourage expenditures of effort. If what we do is put the fear of God into inventors and people who have to spend the money, the capital—what we are doing is great harm, gentlemen.

(The completed statement of Mr. Costas follows:)

STATEMENT OF PETER L. COSTAS, PRESIDENT OF THE CONNECTICUT PATENT LAW ASSOCIATION

Mr. Chairmen and Members of the Committee: The Connecticut Patent Law Association greatly appreciates the opportunity which you have given to me as its President to testify with respect to the "Patent Reform Act of 1967," S. 1042 introduced by Senator McClellan, and simultaneously with respect to the bill sponsored by Senators Dodd and Ribicoff of our State, S. 1691.

So that you may appreciate the nature of the viewpoints of our Association, I should like to briefly comment upon its makeup. The Connecticut Patent Law Association has approximately 170 members from both corporate and private practice. Industry in the State of Connecticut is highly research and development oriented as can be seen by the number of patents issued per person in the State of Connecticut. Although Connecticut does have a number of the very large corporations within its industrial community, the great preponderance of industrial and developmental activity within the State is by small and medium sized corporations and by individual inventors. Perhaps Yankee ingenuity is a term that may be applied to activity in the State of Connecticut. I myself am in private practice and, although our firm represents to a small part several divisions of large corporations, by far the bulk of our practice is directed to representation of small and medium sized corporations and many individual inventors.

First of all, our Association wishes to commend to you the guiding principles of the present Patent Statutes as both workable and successful in providing the stimulus for progress in science and the useful arts. The position of industrial and technological leadership in which the United States enjoys and the many millions of dollars enuring to United States industry in foreign markets by royalties and sales protected by patents is clear evidence of such success.

It is the great concern of The Connecticut Patent Law Association that the efforts to seek change evidenced in the report of the Presidential Commission and in S. 1042 may achieve that change but with great harm to the incentives for research and development rather than with promotion of such research and development. We are gravely concerned that a bill such as S. 1042 should come before this body as an Administration proposal without the prior opportunity for true dialogue between the framers of the bill and the patent profession and individual inventors. Certainly, legislation seeking to effect broad and sweeping changes in the laws which have governed the protection of industrial property in this country since 1836 merits considered scrutiny and deliberation rather than haste in effecting change.

Our Association can join in supporting the laudatory objectives of the Presidential Commission and we, too, can favor statutory changes to cure specific deficiencies to the extent that such changes will not introduce greater problems. However, after our extensive review of the report of the Presidential Commission and of Senate Bill 1042, we find much to create fear that the proposals would result in the diminution of the patent incentives for the stimulation of research and development as we know it and particularly for the stimulation of research and development by individual inventors and smaller corporations. This

is not intended to indicate that we feel that large corporations will profit by the sweeping changes proposed, for they, too, will find considerable problems but their financial resources will better enable them to meet the increased demands of the advocated "reforms."

I should like to clearly indicate that our Association overwhelmingly endorses Senate Bill 1691 by Senators Dodd and Ribicoff in preference to Senate Bill 1042. This is not to say that our Association agrees wholeheartedly with all provisions of Senate Bill 1691 because we do feel that certain additional changes would be desirable. Conversely, our Association is overwhelmingly opposed to Senate Bill 1042 and hopes that this Committee will exercise the wisdom which it has shown in the past in closely scrutinizing the harm which might result from the proposed changes.

THE CONCEPT OF FIRST TO FILE AND THE RELATED PROVISIONS REGARDING ELIMINATION OF INTERFERENCES, AND GRACE PERIOD AND PRIOR ART

Turning first to the principal proposals of abandoning the concept of rewarding the first inventor in favor of the first to file his patent application and the elimination of the grace period, we are overwhelmingly opposed to such changes in the law. In this country, the concept of first to invent rather than first to file has encouraged the adequate development of ideas prior to the submission of those ideas to the Patent Office in the form of a patent application. Underlying the concept of the contract theory for the granting of patents is a desire to make available to the public as complete and operative disclosure as possible, which preferably is of the optimum embodiment. While inspiration may occur overnight, the reduction of that inspiration to a practical commercial apparatus, process or composition oftentimes takes many, many months of research and testing. The Presidential Commission would have us believe that delaying the filing of that patent application until that research and testing has been completed denies to the public any early disclosure of the basic invention. To be sure, this may be true in part, but it provides a disclosure to the public of the complete invention, a polished development rather than some abstract presentation of ideas.

It is not sufficient that the applicant will have a year in which to perfect his development and then to file a complete specification because in many instances far more than a year is required to complete that development. It would appear that preliminary disclosures would have to be filed with respect to each and every possible novel development developed during the program and that at the end of one year from the date of the first disclosure someone would spend a considerable amount of time in attempting to discern which of these individual disclosures should be tied together in a single patent application.

It is contended that these preliminary disclosures might be filed by the inventors themselves rather than by trained legal counsel so that the cost be relatively minimal. Since many of you are attorneys, you can well appreciate the significance of the recommendation to laymen that they independently of counsel evaluate their developments and file disclosures which may later constitute admissions useful against them either in infringement proceedings or in restricting the scope of an invention. It is most unlikely that any corporation with resources adequate to hire the greatly increased number of attorneys required to frequently review ideas, prepare preliminary applications and safeguard the interests of the company would ever permit such an occurrence. Yet we would be certainly encouraging the individual inventor and the smaller corporations without adequate resources to engage in such a dangerous practice.

It is contended that the elimination of interferences will greatly reduce the workload upon the Patent Office. By the statistics of the Patent Office itself, interferences presently involve less than one per cent of the applications filed. In other words, ninety-nine per cent of the patent applications are to be subjected to radically different procedures and tests for invention in order to cure problems apparently arising with less than one per cent of the applications filed. But will the new procedure reduce the workload upon the Patent Office? We submit that it would not.

It would not be uncommon for a final, complete application to be based upon several preliminary disclosures as is the case in England which utilizes the procedure proposed here. Upon the filing of the complete application, the Examiner would have to scrutinize the prior disclosures upon which the application was based and attempt to determine the dates upon which the applicant

could rely for the purposes of applying prior art. He would, of course, be confronted with the additional paper represented by the preliminary disclosures and there would be protracted correspondence between the Patent Office and an applicant with respect to the effective date upon which he might rely for a certain portion of his disclosures in order to avoid a prior publication or the filing date of an application filed by another.

It is also predictable that a Patent Office Examiner would be faced with a problem aggravated by the need for filing patent applications at the earliest possible date: namely, determining whether the disclosure is complete and operable. It is equally predictable that extensive tests would have to be performed after filing of the application in order to meet grounds of rejection which could have been avoided had the application been filed at a time when the development had truly been completed.

What about the expense of the so-called preliminary applications? As indicated previously, the protection of the interests of the inventor would dictate his obtaining patent counsel to the extent that this is financially possible. Preliminary filings will occur with respect to developments which are at best highly speculative and which might never have matured into patent applications had the impetus for a rush to the Patent Office not occurred. It is well known that only a small proportion of the novel concepts are the subject of patent applications since many are abandoned at various stages during their gestation. However, what inventor or company could afford to speculate in advance as to the likelihood of a development carrying through to fruition? Under the proposed system, he must file his preliminary disclosure.

It has been proposed that these preliminary disclosures would eliminate the necessity for record keeping, but records must be maintained by any organization engaged in development for its own logical developmental activities. Thus, there would be no saving in the time necessary to maintain adequate records which are desirable in any event but there would be an increase in time required for the preparation of preliminary disclosures and the consultation with counsel with respect thereto if the inventor or his company is fortunate enough to possess the financial means.

Far from encouraging early disclosure of developments through the preliminary application route, the principles of first to file and elimination of the grace period would breed an atmosphere of distrust and secrecy that could work detriment to individual inventors and smaller companies. The inventor, of necessity, would either file this preliminary disclosure based upon what information he had at hand or struggle to perfect the development without seeking the advice of other persons whom he might fear would appropriate his development. His constant concern would be that a premature leakage of his development during the time when he was making reasonable efforts to ascertain its metes and bounds could result in the filing of a patent application by another person and thus preclude his right to obtain a patent unless he could establish derivation from him.

Under existing law, the inventor or his company can reasonably deal with third parties in an effort to obtain assistance with respect to perfection of a development or with respect to possible sale or licensing of a development or with respect to determining the feasibility and therefore the financial desirability of pursuing a development further. All this would be scrapped by a system of first to file and elimination of the grace period in favor of a hurried rush to the Patent Office despite the expense.

The elimination of the grace period also presents other problems. In many instances, a development actually occurs in a commercial situation as, for example, an engineer making innovations in an operation procedure in a manufacturing operation or in the assembly of a structure within public view. The strict application of public use would bar patentability for what might nevertheless be a very significant contribution.

Our Association strongly recommends the retention of Patent Office interferences to determine the prior inventor in accordance with existing law. We do recognize the need for continuing improvement in the procedures employed and point out that the Patent Office has recently put into effect a sweeping change in the rules which has not yet been evaluated. It is our feeling that certain changes may be made in interference practice to expedite matters and reduce the workload upon the Patent Office in the relatively few applications involved in such proceedings.

First of all, we suggest the elimination of the present provisions for the taking of oral testimony and the substitution therefor of the submission of evidence on the basis of affidavits and supporting documents. We further recommend that the reasonably early filing of patent applications be encouraged and the oftentimes extensive periods of controversy reduced by limiting the important dates prior to the filing of his application which an Applicant would be able to obtain. Specifically, we suggest that an Applicant be limited to a date of conception of not more than two years prior to the filing date of his application and a date of reduction to practice of not more than one year prior to the filing date of his application. Thus, an Applicant who unconsciously sat upon an invention would run the risk of not being able to go back to his earliest possible date and thereby losing an interference proceeding to another person who had earlier filed his application.

We sincerely believe that other possibilities might be explored for reducing the workload involved in interferences and commend to the Patent Office the desirability of establishing a joint committee of senior Patent Examiners and patent attorneys in corporate and private practice to review this problem *in constructive dialogues*. However, the fact that one percent of the patent applications become involved in interferences which at times can be extended and protracted proceedings does no justify scrapping of the concept of the first to invent or the initial determination of the question of inventorship in the Patent Office. For the edification of the Committee, I should like to point out that relatively few interference proceedings proceed through the taking of testimony and to final determination within the Patent Office. To be sure, there are instances of abuse but generally the parties are not anxious to engage in protracted and expensive proceedings when one party's right to the invention can be readily established during discussions between the parties from the standpoint of possible settlement.

The Association strongly opposes establishing foreign use and sale as prior art barring the issuance of a United States patent. We do favor elimination of the word "printed" from Section 102 of the current Patent Statutes, thus enabling any foreign publication to be a bar to patentability so long as it has some concrete form as a publication which is discernible and not subject to the vagaries of recollection and reconstruction. To permit any foreign use or sale to be a bar would be to open patentees to untold harassment through the taking of depositions and other discovery proceedings in various foreign countries. No patentee could ever be sure that some unknown use at some time at some place would not invalidate his patent, and small corporations faced with a decision of whether to invest large amounts of capital based upon the probability of patent protection would now have added concern. Since the purpose of a patent is to secure the progress of science and the useful arts, does some fleeting public use of a development in some remote province of some foreign country provide a disclosure of the type which should deprive an inventor in this country from the right to obtain a valid patent for his real effort in bringing to the public the development?

Under the present system, it is our feeling that patent applications filed in the Patent Office are more likely to have undergone an extensive weeding out operation and to be the result of reasonably complete developmental work affording more optimum disclosure to the public. The stimulus of a rush to the Patent Office would detract from research and development and breed an atmosphere of distrust and secrecy which is hardly in keeping with the stated objective of the Presidential Commission. Those of us who have had occasion to work with the first to file and absolute novelty principles abroad are highly cognizant of the disadvantages and strongly commend to this Committee a retention of the present system of invention which has worked so well and made this country the leader in research and development. To kill an established and acknowledgedly workable procedure in an effort to cure problems provided by less than one percent of the patent applications filed by substitution of a myriad of new problems is most dangerous.

OPPOSITION AND CANCELLATION

Our Association is opposed and cancellation proceedings as set forth in Sections 137 and 251 of S. 1042 whereby third parties might cite art after an application had been published for possible rejection of the application on the basis of that art or whereby third parties might subject an issued patent to a proceeding for cancellation in the Patent Office. Although we appreciate the aim of increasing the

likelihood that a patent would be found valid in infringement proceeding in the District Courts, we think that these proposals could subject applicants and patentees to extensive harassment and delays in the enforcement of their rights. These proposals would involve extensive burdens upon Patent Office personnel and yet would probably only be rarely employed by parties who felt that they had an iron-clad prior art defense of the type contemplated. Most attorneys would save their arguments for a court action in which they would have an opportunity to develop the prior art to its fullest in an *inter partes* proceeding rather than rely upon possible misunderstanding of the import of that prior art and the subsequent presumption of validity of the patent over that prior art.

STANDBY AUTHORITY FOR DEFERRED EXAMINATION

Sections 191-194 of S. 1042 propose that standby authority be created to establish a system of deferred examination. Our Association is overwhelmingly opposed to the concept of deferred examination and strongly recommends the retention of the present system whereby patents are granted only after complete *ex parte* examination and determination of the question of patentability.

It is argued that deferred examination would reduce the workload upon the Patent Office by requiring examination of only those patent applications as to which an applicant or patentee expressly requested examination. Yet, the fact of the matter is that a procedure for registration (which is what deferred examination ultimately constitutes) would encourage wholesale filing of patent applications and greatly increased numbers of patents being granted. The Patent Office must of necessity process these applications and examine them at least as to formal matters. An Examiner conducting a patentability search must plow through the increased volume of "prior art" in an effort to determine whether a development is or is not patentable. The increased fee for full examination would not deter large corporations from seeking full examination in order to guarantee themselves enforceable rights if a development should prove to be significant or if it should be resurrected eight or nine years after issuance of a patent.

The impact upon inventors and commercial operations is even more significant. Consider a patent issuing without a test of patentability. What is the likelihood that that patent would be valid and infringed in a court action? An attorney conducting a search for his client to determine whether a proposed process or apparatus of his client is subject to any infringement liability would now have a considerably increased volume of patents to review. If he should find patents containing a closely related disclosure and claims which apparently would be infringed, he must ask his associate whether an application beyond the five year period is being examined or has been subject to a full examination and confirmed as a patent. If it is within the five year period, he must find out whether that application has been confirmed as a patent and if not must attempt to determine what the likelihood is of a patent being confirmed and if so what the scope of the claims for that patent might be. This is a frightful burden. What it means is that companies and individuals will be required to conduct extensive validity investigations with respect to pieces of paper which constitute patents until otherwise indicated. It means that the Patent Office will have additional sets of records and that searches presently conducted at relatively nominal fees to determine the likelihood of infringement risks will now become most major undertakings in many instances. The gamble as to infringement will be greatly increased since an attorney must now make a guesstimate as to the likelihood of infringement if and when a preliminary patent should be examined and confirmed. His option is to request full examination at his expense and to wait for that examination to proceed. This is hardly what one might consider a stimulus to development and change but, in fact, a most serious drawback to invention and change.

Those of us who have activities in foreign countries employing weak examination systems or registration systems are aware of the problems that would be raised by such a proposal and we strongly urge that such a proposal be discarded. We further question the advisability of Congress granting standby authority to some group other than itself on a matter of such extreme concern. If deferred examination were ever to be considered, we submit that that consideration should occur only at such time as the facts would greatly commend this as the *only possible* answer and only after there had been long and intensive study of the proposal not by the Patent Office or some select group but by Congress since it is charged with the responsibility for securing to inventors those rights which promote progress in the useful arts.

CHANGES IN PATENT APPLICATIONS AND PATENT OFFICE PROCEDURE

We strongly support the propositions that a patent application may be filed by the Assignee or employer of an individual inventor and that not all inventors named in an application need be joint inventors of all the subject matter of all the claims. Many problems arise with respect to extended developments in corporate or university development groups wherein a number of people are engaged on a day-to-day basis in the solution of a given problem. At times one person may really be the prime mover for a particular concept which ties into the greater scheme of things and patent attorneys oftentimes find themselves playing Solomon in determining who the inventor or inventors of any given subject matter may be. They are also faced with problem of filing a plurality of applications where claims to species within a genus cannot be supported by the same inventors. These proposed changes are considered to be highly desirable and would minimize many of the problems attendant to research activity by groups of more than one inventor.

Our Association opposes mandatory publication of patent applications prior to allowance of that application or the publication of applications which are placed in interference. We have no real objection to publication of applications after allowance by the Patent Office but merely point out that such publication would have to be reduplicated after issuance of the patent.

We favored publication of all decisions of the Board of Appeals by a relatively close margin and also the publication of the decisions of the Board of Patent Office interferences by a similar close margin. By such publication, however, we do not intend to permit the opening of the files of applications on appeal to the Board of Appeals or before the Board of Patent Interferences.

It is our feeling that the present system of publishing only issued patents (except to the extent that applications may be published upon request of the applicant) provides a stimulus for the filing of patent applications and the ultimate issuance of the information contained therein to the public at large. If a party must choose between maintaining a development as a trade secret for as long a period as possible and running the risk that this development will be published before he has ensured that he will obtain adequate patent protection, he will be encouraged to maintain that development a secret and thus deny to the public the earliest possible disclosure of that development. Early publication of applications before there has been a determination of patentable novelty would greatly increase the amount of paper to be searched in determining whether or not something is patentable. It would also greatly increase the cost of our present patent operations.

Accordingly, we oppose the concept of mandatory publication of patent applications at any time prior to allowance and suggest that the most economic and feasible system is the publication only of patents which have been duly issued by the Patent Office.

Section 137 of S. 1042 proposes to place the burden of persuasion upon the Applicant. We strongly oppose such a statutory provision since it would attach to the findings of the Patent Office a presumption of correctness. We believe that an Applicant does already have a significant obligation and burden in establishing patentability in the United States Patent Office. Although we do feel that the Patent Office performs well in most instances, many times the Examiners handling patent applications lack a high degree of technical expertise or familiarity with the commercial exigencies which dictate much of the conclusions on the issue of obviousness. Many times, they are not adequately trained in the law since they have not attended law school or are attending law school at night. The supervisors do not have the time or the opportunity to review all the work of the Examiner handling in application and so tend in large measure to rely upon the recommendations of the Examiner as might properly be expected. To conclude that the findings of an Examiner are entitled to a presumption of correctness is to place a very, very significant obstacle to properly safeguard the rights of an applicant. The Patent Office should deny a patent only upon a showing of good cause for the bases set forth in the statute, and the Applicant should then have the burden shifted to him to show by a preponderance of the evidence that the subject matter of his invention qualified for issuance of a patent. As is the present situation, the decision of the Patent Office would be judicially reviewable as to correctness.

It is our feeling that the present provisions regarding broadening the reissue patents should be retained. If a patentee has claimed less than he should have

by reason of inadvertence, then he should be permitted to reclaim the full subject matter of his invention within a reasonable period of time subject to the doctrine of intervening rights which permits another to continue an initially non-infringing practice established during the intervening period.

The Association strongly recommends the practice of allowing terminal disclaimers to avoid questions of double patenting.

In the absence of alternate and simultaneously enacted legislation to afford protection for design and plant developments, the Association favors taking no action with respect to elimination of the protection therefor provided in the present statutes.

The Association is overwhelmingly in favor of adoption of quality control procedures in the Patent Office but is opposed to publication of conclusions on the quality of patents issued. Publication of results indicating that patents issued during a given year were of relatively poor quality could provide some disastrous results in litigation involving patents issued during that year.

The Association was overwhelmingly in favor of the proposition that adequate housing, staffing and equipment should be provided for the Patent Office and that mechanized information retrieval be a goal for Patent Office operation. It strongly recommended that adequate funds be provided for Patent Office operation and that every effort be made to increase the civil service level for the higher ranking Patent Office personnel so as to provide greater financial and professional opportunities.

The Association is unanimously opposed to any principle that the Patent Office must be self-sustaining since our patent system and the incentives which it provides have produced many billions of dollars of income to this country. Moreover, we oppose any proposition which would enable the Commissioner of Patents rather than Congress to establish fees according to any formula.

The Association was unanimously in favor of a study group to be established for activities in the field of international information retrieval, implementation of microfilm reproduction of search files and cooperation with foreign patent offices to develop worldwide information retrieval programs and indices.

The Association was unanimously opposed to limiting the Applicant's right to file an amendment at any time prior to appeal since every effort should be made to place an application in condition for allowance and to reach a final issue. Forcing applicants to file continuation applications in order to present an amendment does not minimize the period of pendency in the Patent Office.

REVIEW OF PATENT OFFICE DECISIONS

The Connecticut Patent Law Association overwhelmingly favors providing the Court of Customs and Patent Appeals as the sole channel for appeals from the Patent Office. However, it was the feeling of the Association that statutory provision should be made to permit the taking of additional testimony in the Court of Customs and Patent Appeals and that the court should be expanded to provided adequate judges having a background in the patent area so that the provisions would be properly effectuated. Such a procedure is to be found in Sections 141-144 of S. 1691.

Our Association does not favor the taking of appeals from the Court of Customs and Patent Appeals to the Court of Appeals for the District of Columbia. The Court of Customs and Patent Appeals is a Constitutional Court and precedent has established that appeals may be taken from this court to the United States Supreme Court. Why its findings should have any less value than the findings of its sister court is not understood since it certainly possesses a greater degree of familiarity with problems of patent practice than would the Court of Appeals for the District of Columbia.

TERM OF PATENT

The Connecticut Patent Law Association is in favor of retaining the present term for a patent at seventeen years from the date of issuance. Although we recognize possible advantages to be gained from a fixed term of twenty years from the date of filing of the application, we also recognize that there are instances which could result in a significant diminution of the total period of protection available to the patentee. For example, delays in Patent Office proceedings beyond the control of the applicant as a result of changes in Examiners or inadequate staffing of particular examining groups could result

in extended periods of inaction. At times, a modification of an original development would dictate the filing of a continuation-in-part application since the modification might not be patentable in and of itself and yet it is in the interests of the public to secure the inclusion of the subsequent development in the issued patent.

Assuming that interferences are to be continued, the time period for declaration of the interference and resolution of the interference could unduly detract from the total term of the patent issued when coupled with the initial period for examination and prosecution to allowance of the claims. It is to be noted that the present Patent Office Rules permit a public use proceeding to be declared with respect to an application pending in the Patent Office and such Public Use Proceedings can involve extended periods of time which would detract from the period of protection ultimately afforded to the patentee. Similarly, a person having knowledge of the existence of a patent application in the Patent Office may bring to the attention of the Patent Office certain prior art patents and publications which he feels militate against the allowance of claims and thereby produce further rejection and prosecution of the application.

Accordingly, we favor retention of the present statutorily defined term for the life of the patent.

COMPUTER PROGRAMS

Our Association has taken a position which would preclude the patentability of computer programs as recommended in S. 1042 and as appears in H.R. 7454 as presented by Representative Giaino. A comparable provision does not appear in S. 1691. However, since the vote of the Association, there has been considerable debate that the elimination of computer programs from the area of patentability would constitute a form of class legislation denying protection to the product of significant investment, technology and endeavor.

INFRINGEMENT BY IMPORTATION

Our Association strongly supports statutory revision to provide that importation of a product manufactured by an infringing process constitutes infringement. Such a provision appears in Section 271(b) of S. 1042 and at Section 271(e) of S. 1691.

Too often, many important developments take the form of processes or procedures rather than novel products or apparatus. At the present time, a patentee owning a process patent for a very significant contribution can seek redress against importation of material produced by an infringing process only through efforts to have the Treasury Department bar entry of the infringing material. This has proven to be expensive, difficult and ineffective.

HARMONIZATION WITH FOREIGN COUNTRIES

One of the underlying motives for the sweeping changes herein proposed is the desire to harmonize our patent laws with those of foreign countries in an effort to establish an international patent. In a sense, our present laws represent a balance between the registration concepts of certain countries wherein a patent is automatically granted and the third party practice of other countries such as Germany which permit parties to file opposition and cancellation proceedings. Unquestionably, individuals and companies in the United States file their patent applications abroad and, in fact, the United States accounts for a very significant proportion of all applications throughout the world.

Although we agree that there are certain advantages to an international patent, it is our feeling that our proven patent system should not be scrapped in favor of procedures employed in foreign countries merely to achieve harmonization and increase the likelihood of ultimately obtaining an international patent, it is our feeling that our proven patent system should not be scrapped progress in the United States and that purpose has seen the promotion of progress throughout the world.

We can appreciate the difficulties which our State Department and our Commerce Department experience in attempting to convert France, Italy and other countries to a rigorous system of examination of the type employed here. Yet ours is the economy which they seek to emulate and ours is the country which has been the bulwark of technological progress. Thus, we suggest that emulation of success is far better than concession.

The Connecticut Patent Law Association strongly urges certain changes with respect to handling of infringement litigation in the District Courts and Courts of Appeal. First of all, it recommends the expansion of the Court of Customs and Patent Appeals by the addition thereto of judges who are reasonably well trained in the field of patent law. By designation of the Supreme Court, a judge from the Court of Customs and Patent Appeals might then sit in a Court of Appeals for a given Circuit and provide a valuable level of expertise to such a Court of Appeals and perhaps attain some greater degree of uniformity with respect to decisions involving patents.

Our Association did not favor the establishment of Civil Commissioners since such individuals would appear to increase the cost (and probable difficulty) of patent litigation and discovery proceedings. There appears to be no reason to single out patent practice for special considerations regarding personnel and procedure when other legal actions involve equally drawn out proceedings and difficult subject matter. The better answer would be to recommend changes where necessary to the Federal Rules of Civil Procedure to have more widespread application.

The Connecticut Patent Law Association opposes any provision which would have made the route from appeal from the District Courts directly to the Court of Customs and Patent Appeals. It was felt that patent matters were legal matters deserving of the attention of the Courts of Appeal for the various Circuits who exercise some degree of supervision over their district courts. The interests of uniformity and expertise could best be provided by the assignment of qualified judges from the Court of Customs and Patent Appeals to assist the Courts of Appeals of the various circuits.

The Connecticut Patent Law Association unanimously favored the adoption of the Presidential Commission's suggestion concerning establishing the rule of reason concerning misuse of patents. It is to be noted that S. Bill 1042 does not include this provision which is considered to be most desirable to resolve problems in interpretation of the doctrine of patent misuse and we strongly commend to this Committee the desirability of addition of a provision of this type to the existing patent statutes.

We are opposed to Section 294 of S. 1042 which would establish a finding of invalidity by any court as a final finding of invalidity as to the patent or its claims. As this Committee may be aware, there is some disparity as to the standards of invention employed in the various District Courts and the various Courts of Appeal. By the proposed provision, a patent which had been litigated and found to be a significant advance by two, three or even more District Courts and Courts of Appeal could end up being finally adjudicated as invalid by a hostile concept of invention in one circuit. The United States Supreme Court has not been particularly active in resolving conflicting decisions in the various Circuits in patent cases so that such a provision as herein contemplated would present a most noxious provision to a patentee.

As a personal recommendation, I would be inclined to recommend that the Committee consider the possibility of rendering a patentee liable for court costs in any action for infringement which he maintained after that patent has been found invalid in a decision from which no further appeal may be taken. This potential liability would certainly deter spurious infringement actions launched to harass competitors when an attorney should have reasonable basis to assume that the finding of the first court would be confirmed in another action.

CONCLUSION

Accordingly, we iterate our support for Senate Bill 1691 in preference to Senate Bill 1042. We reaffirm our belief in the guiding principles of the present patent laws although we do recognize the need for specific changes which have been adequately considered and which retain the present framework of patentability.

Progress of science and the useful arts has been promoted by our present system as is unquestionably established by the facts. Does the clamor for the radical changes proposed in Senate Bill 1042 originate with inventors, small businesses or patent attorneys? We submit that it does not. We further submit that these radical proposals could do great harm to the economy and to the individual inventors and smaller companies lacking the increased financial resources required to meet the burdens that would be imposed.

THE CONNECTICUT PATENT LAW ASSOCIATION,
Hartford, Conn., August 7, 1967.

Re Supplement Statement on Senate Bills 1042 and 1691.

SUBCOMMITTEE ON PATENTS, TRADEMARKS, AND COPYRIGHTS,
Senate Office Building,
Washington, D.C.

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE: In keeping with your kind offer to accept a supplemental statement, the Connecticut Patent Law Association does wish to state its position more fully with respect to Senate Bills 1042 and 1691.

We have expressed our preference for S. 1691 which was introduced by Senators Dodd and Ribicoff of our State. We regret that this bill has been characterized as an incomplete substitute for S. 1042 since it, in fact, stands on its own footing in terms of expressing needed and desirable reforms in the Patent Laws. When the question of reform is dealt with, evaluation should not be based upon the quantity but on the quality of the changes proposed and their ultimate effect upon the patent system.

Highlighting the significant aspects of S. 1691, it would:

- a) Allow an application to be filed by the employer.
- b) Eliminate the requirement that the named inventors be the inventors of each claim of the application.
- c) Require foreign applicants to make their claim of priority by filing a certified copy of their original application within six months.
- d) Limit a party to proving dates in an interference to a period not exceeding two years prior to the filing date of his application.
- e) Limit appeals from the Patent Office to the Court of Customs and Patent Appeals, thus deleting the alternate route of appeal to the District Court for the District of Columbia. It would retain the right of an applicant or the Commissioner of Patents to petition his certiorari to the United States Supreme Court.
- f) It would make the term for a patent 20 years from the date of the original application.
- g) It would amend the provisions regarding infringement so as to render liable for infringement a person who imports a product made in another country by a process patented in the United States for purposes of trade or industry here in the United States. This provision would be effective regardless of whether patent protection might have been available to the patentee in the foreign country where the infringing process was practiced.

To be sure these significant areas of change are not so numerous as the many changes proposed in S. 1042. However, it is our belief that the changes proposed in S. 1691 are reasonable solutions to problems which are encountered by the present patent laws except that we have doubts and are opposed to the twenty-year period for patents as expressed in our earlier statement.

It is quite apparent that the reforms in the Dodd and Ribicoff bill more closely approximate the consensus of the patent profession now that it has had an opportunity to study the features of S. 1042 and evaluate what appear to be serious consequences of the numerous changes proposed.

We agree that some reforms are needed and we agree substantially with the reforms set forth in the Dodd and Ribicoff bill. We also agree that further changes are desirable in the patent laws as indicated in our prior statement. However, what we would most like to see is a constructive dialogue between the Patent Office and representatives of the broad cross section of the patent bar establishing and debating such proposals as have been advanced and as may be advanced. Perhaps, the Patent Office and Commerce Department might be persuaded to remove the restraint upon critical comment by Patent Office personnel so that their opinions as to the difficulties posed by the reforms might be expressed publicly rather than privately only. With such a dialogue, a bill might be evolved to be presented to this committee which would be more likely to reflect potential and constructive changes which would not produce more harm than the alleged current faults.

We may be branded as conservative in our approach to reform but we think it dangerous to seek change for the sake of change when our present system has done so much to further research, growth of the economy and well being of the competitive system.

Very truly yours,

PETER L. COSTAS.

Senator McCLELLAN. Thank you very much.

Our next witness is Mr. Burke E. Wilford, national director of the American Society of Inventors, accompanied by James Hill and Al Fonda.

Does each one of you have a separate statement?

**STATEMENT OF BURKE E. WILFORD, NATIONAL DIRECTOR,
AMERICAN SOCIETY OF INVENTORS, ACCOMPANIED BY ALBERT
FONDA**

Mr. WILFORD. Mr. Hill is not with us today. Mr. Fonda is our vice president.

He has a statement and Mr. Banker has a statement.

Senator McCLELLAN. Your statements will be printed in the record at the conclusion of your oral presentation.

Mr. WILFORD. I have been 2 years president of the American Society of Inventors, and we have met regularly at the Engineers Club in Philadelphia every month. I have recently taken the responsibility as national director for creativity. We have had inventors in our family for over four generations. My grandfather invented the kitchen meat chopper which started the hamburger business. He made several million dollars out of a simple invention like that. My father applied electricity to dentistry, did some of the earlier work on high-frequency heating, and received burns when he did not know the danger.

I have spent most of my life in the aviation business, and I was pre-Sikorsky on helicopters. We are now working on a combined helicopter-airplane RVTOL so we can get up and down and go fast, too.

Senator McCLELLAN. What is the name of that?

Mr. WILFORD. We call that a convertiplane. It goes straight up quietly and flies fast, too.

Senator McCLELLAN. Are you making that in Texas?

Mr. WILFORD. There was a political situation there.

Senator McCLELLAN. There is not much down there that is not political.

Mr. WILFORD. Well, another thing, we don't suppose it was political, but the President's Commission did not have one independent inventor on it. We were not represented. To come to our society, we are not the first American Society of Inventors. The first one was founded by Simon Lake, the original inventor of the submarine in this country. His friend, Thomas A. Edison, was his helper in that. They encouraged Harvey Firestone to join them and Henry Ford, and in the early twenties, these men had an American Society of Inventors, headquarters in New York. Unfortunately, all of these men were too busy to give it much attention and it passed out.

Our society was incorporated in Pennsylvania in 1953, and we now have about 100 members on the rolls, of which 25 to 30 meet regularly. We have a membership in California, Florida, and hope eventually to make the profession of being an inventor a guild, not a union, a scientific guild.

Now, there are three things that we are trying to correct. As you know, Rube Goldberg for many years has cast ridicule at the inventor. We are glad to say that Mr. Goldberg has been influenced to

stop these cartoons passing ridicule to downgrade creative minds, and we hope to repair the damage he has done.

The second thing is that the Government, particularly the Pentagon, treats inventors very badly. We have now proposed to the Government, and your staff have helped us in this respect, a Code of Creativity (exhibit A) which will go into the hands of every R. & D. worker and manager in the Government, we are hoping.

A third thing, and we think this is rather educating, we have a Code of Conduct for inventors (exhibit B) which is in our statement here. We have put out over 50,000 copies, and we have yet to have one person object to it.

Now, also you have heard from a lot of patent lawyers today; we need a code of conduct for patent lawyers; that is, in jest, to love the inventor more than business and starve like most of the inventors in America do.

We think you can see we have been able to do a few things without the help of legislation. We have also made ourselves available, for instance, to the President's Commission, I will submit a copy of the seven suggestions we offered them (exhibit C).

I will now yield the floor to Mr. Fonda, who is the vice president of our society and is familiar with our prepared statement.

Senator McCLELLAN. Very well, Mr. Fonda.

Mr. FONDA. Mr. Senator, the prepared statement is a result of committee action and a considerable amount of individual study.

Our position certainly is not final at this time, since we have heard so many objections and proposals presented here which never occurred to us. But probably the converse is true: We are probably presenting objections and proposals which, by the same token, are new or at least are reinforcing one side or the other of the existing viewpoints. So we are speaking in a spirit of cooperative enterprise.

On the last two pages of our statement is a tabular summary of our position. I intend to go through this extemporaneously and highlight the points as briefly as possible.

These are organized according to the sections of S. 1042.

On section 7, we propose that the court of appeals be independent of the Patent Office. One reason which is self-evident is to be more fair to the inventor. The other reason less evident, is that under modern management theory it is a poor policy to have a board of managers who cross-examine, criticize, and countermand the actions of their employees. The Patent Office should be monolithic and should stand side by side with the inventor before a third party, the court of appeals.

We think there would be better morale in the Patent Office on this basis.

In section 8, the library, we suggest a live library of consultants to help the examiners in specialized areas.

In section 15, the Advisory Council, we suggest allowance of expenses and fees, so that the Board would not be dominated by persons of independent means and paid employees of big business.

We suggest a new section 16 or other means to provide inventors' aids. First, inventors' bulletins: those offered to the farmer by the Department of Agriculture are the best model. Certainly, there is nothing

available to the inventor now which, by any means, corresponds to the file drawers full of agricultural bulletins that are available. Both, by the way, would be how-to-do-it aids in cultivating and helping to grow something which is new.

We suggest that there be direct advice available, perhaps on a commission basis, and insurance for a fee. I will come back to the insurance later.

On section 41, "Patent Fees," we feel that Congress should set the fees as they do at present, that it is too much power to put in the hands of the Commissioner, both the power to determine the total budget of the Patent Office and to determine how that budget is met by the distribution of fees along the lifeline of the patent.

For instance, a patent fee of \$100, for example, is trivial to the corporation and significant to the inventor. It is monumental to the inventor per se.

Senator McCLELLAN. Could you make a distinction?

Mr. FONDA. No, I am saying that the power of the fee is widely dependent on the resources of the applicant. What you do with the fee makes no difference to the corporation, since the total fees are going to equal the total cost of the patent. Therefore, you should adjust everyone's fees according to their influence on the individual inventor, because he is the most strongly influenced by the distribution of fees.

Senator McCLELLAN. I do not understand. Two people apply for a patent. Let us say one individual files and a corporation files.

Mr. FONDA. You would make no distinction at that time. You would already have made the decision as to the fee on the expectation that one of the applicants would be an individual inventor and might not even apply if the initial fee were too high whereas the corporation would not blink an eyelash whether the initial fee were high and other fees were low, or the other way around.

Senator McCLELLAN. I think there is a lot more substance in the bill than the fee situation.

Mr. FONDA. Yes, this is only one thing.

Senator McCLELLAN. There are other controversial things. The fee can be adjusted one way or another. Get to something that is controversial here, the really vital points.

What about the first to file? That is the thing that has me concerned.

Mr. FONDA. We feel that first to file would be quite acceptable if it were an equivalent to the present inventor's notebook. If it were in effect an inventor's notebook which is kept on file at the Patent Office. However, there are provisions in the present S. 1042 which make it quite different from the inventor's notebook. He is required to submit in the preliminary application all evidence for his eventual claims. The idea seems to be that an invention is supposed to spring full-blown into being at the beginning, leaving nothing to be done except legal paperwork. This is not true of an inventor's notebook. An inventor's notebook is a running status report, so a preliminary application also should be a status report, which does not necessarily support all the claims of the final application.

This is getting ahead of my sequence here.

Senator McCLELLAN. Go ahead. I did not mean to interrupt you. I would like to get to these fundamental problems.

Go ahead.

I did not think there was much of an issue as to what fees were charged.

Mr. FONDA. It is very fundamental to a man who is taking it out of his grocery bill, extremely fundamental.

Senator McCLELLAN. Well, all right.

Mr. FONDA. On the matter of interference, our understanding is that one case in four is won by the junior applicant. This means he would have to conduct eight cases in order to have one victory that he would not have had under the first-to-file. He would have to conduct four, as a senior applicant, of which one would be won by the other party; then he would have to conduct four as a junior applicant in order to win one of those. So, you have to multiply the cost of one interference by eight to get the cost of one successful interference. This is probably on the order of \$40,000, although we are not sure of the cost per interference. We question whether that is justified.

We also feel that if there is a prospect of lowering the cost of worldwide patenting by means of first-to-file, this is another justification. But I think our main viewpoint on first-to-file is it should take the place, if it is used at all, it should only take the place of the inventor's notebook. The principle at present is that the inventor can keep a notebook which he can produce as witnessed evidence at a later point. It is proof of conception.

If the Patent Office wants to be the witness, if they want us to send in our pages of our inventor's notebook and let them witness it, that is not particularly objectionable. It is just a question of who is the witness. But any further deviation from present practice, especially to the extremes presently written into S. 1042, is doubtful.

On the matter of computer programs, we suggest just briefly that they be allowed design patents. We feel it might be difficult to distinguish between certain types of computer programs as opposed to control systems, and that allowance of a design patent is a solution.

On the application for patent, section 111, we would like to see a provision for refiling of a preliminary application, literally putting the application back in the file drawer when it would have been discarded, since if there were continuing diligence on the part of the inventor, under present law with his inventor's notebook, he could spend 2 or 3 years developing his invention, although this depends on the invention. If it is a complicated invention, we feel he should be allowed the opportunity to refile if he were able to later prove diligence during that period.

Also, we feel that 12 months is not sufficient for the combination of two processes, one of which is the inventor's diligent reduction to practice, and development of the invention, while the other is diligent legal process on the part of the patent attorney. Trying to come up with an alternate figure, we do not come up with a major change, perhaps 9 months for each of these processes, allowing them to overlap, would be 15 months. But this modest increase requires also the opportunity to refile. If we could not refile, we would want 20-month, even 40-month terms of validity for the preliminary application.

Now, there is a section 118 allowing issuance of a patent over the objections of the inventor in order to protect the supposed rights of

some other party. No one has commented on this that I am aware of, but we do object and object strongly. We feel it is appropriation of personal property without due process of law. The invention is the inventor's property, and if he has a reason to object, he should have his day in court, not merely before the Patent Office. We feel it would be too much of an invitation for the Patent Office to routinely accept the employee agreements which are signed as conditions of employment, signed when the employee is not thinking seriously of himself as a future inventor and is not free to bargain for his value as an inventor.

The present process before the law is quite sufficient, requiring the corporation to bring the inventor to court. If 118 were included, the inventor would have to bring the corporation to court, which is beyond his resources.

Now, to discuss the other provisions in sections 120 and thereabouts, we have to go to section 154, which is on the subject of duration of the patent. In S. 1042 it is 20 years from the date of filing. It is easy to say that 17 and 3 are 20, but we feel that is an oversimplification, because there are many patents which, for good and sufficient reasons, do go longer than 3 years from filing to issuance, and they have claims of varying age, from the earliest supported by the inventor's notebook, down then to the set of claims in the original application, and then claims, even though claims of new art, that are in a continuation in part. There is no such opportunity to develop the claims under S. 1042. In order to determine a single date of filing, the inventor is forced to have all his final claims in his preliminary or previous application. Otherwise, he must completely abandon reliance on his preliminary or previous application. Thus, he does not dare to file until he is very sure he has finished his invention and can leave it to the lawyers.

So we feel that 154 is a barrier at present to the present practice of allowing claims of varying age in the same final application. We urge a return to present practice, 17 years from date of issuance, and the date of the claim being of importance only in interference. Or else as a possible alternative, a claim-by-claim dating, so when published each claim has its own date; but that seems rather awkward.

Assuming that that change is made, then you can go back to 120 and allow an invention to be disclosed only in part, not in whole, in a previous application or a preliminary application.

There are various other suggestions in here on the second page of the summary, which I will skip over.

I go to the last one, ownership assignment and licensing. We feel that assignment of ownership should be discouraged. An inventor is the owner of his invention; it is his brainchild, and if he wants to license it, he should be allowed to. Any rights he can convey by assignment, he can convey by licensing. But there should be a constraint on the Government and on corporations that they shall not take an assignment or a license and make no use of it. They must exercise diligence. The effect now is that if an inventor does not want to disclose an invention to his employer because the employer will just take it and say "I am happy you gave it to me, I have no interest in it at present, I have no intention of doing anything about it, but you cannot count me out because I might change my mind"—this malpractice is en-

couraged, fostered, and even required by Government procurement regulations, ASPR's, in which the Government takes rights to inventions which are just conceived of. They are not reduced to practice, they are not patented; no production design, none of the 90 percent of the cost of R. & D. has gone into them. Yet the Government insists that they have the right to sit at the starting line of this race and to wait until the other party, the diligent party, gets around to the finish point and then the Government insists on the right to enjoy all the benefits of the diligent party having run that race.

We feel that to prevent this, licenses and assignments should be revokable on grounds of lack of diligence; the inventor should have a right of recapture. If the company or the Government is not diligent, then the inventor can say, "I have developed it, you were not diligent, you have lost your license, and I will prove it in court." That, we feel, by the way, is the basis of the whole present philosophy of treatment of the inventor, the idea that his rights should be taken away from him in order to reserve a certain small right to some financial interest in return for having employed the inventor when he had the conception. What we want most of all is a reestablishment of a healthy working system of checks and balances between the inventor, industry, and Government.

I thank you.

(The complete statement of the American Society of Inventors follows:)

THE INVENTOR'S CODE OF CONDUCT

(His Ten Commandments)

1. Review the existing state of the art and understand the needs and requirements for creating in a specific scientific or industrial field and avoid any duplication of previous designs. Have a patent search made before preparing data for filing a patent.
2. Discipline the mind to concentrate on a major problem at hand. Work on one subject at a time to avoid distraction and dilution of efforts.
3. Keep an accurate diary of dates of conception, revision and improvements as well as disclosures made to others. Sketches, drawings and data should be dated, signed in ink and witnessed by two persons who understand the invention.
4. In making disclosures of an invention to others prior to the issue of patent, such disclosures should be based on a clear, written understanding of the rights of both parties. Such disclosure must be predicated upon the receiver respecting the proprietary design rights accruing to the inventor.
5. Any new idea requires time for consideration and digestion. Avoid impatience with those who do not immediately grasp or understand the operation or utility of an invention. Today, a few industrial or government research and development departments are hard to deal with because of the "not thought of here" complex.
6. Seek out and welcome constructive criticism, not only from technically qualified persons but also from potential users.
7. Carefully investigate the qualifications of prospective associates, choosing those who are experienced in organizing, financing and management of new business ventures. Seek wise advice of persons with proven accomplishments in invention, sales and production.
8. Learn the problems of development, production, sales and financing in the field to which the invention and patent applies. Prefer to license with a minimum yearly royalty on a mutually workable basis with good legal and tax advice, rather than assign any patent.
9. Apply the "Golden Rule" by being as open-minded and receptive of others' inventions as you expect others to be of yours. Don't be suspicious of business big or small.

10. Work out purposes, advantages, description and basic claims so your patent attorney will be able to serve you efficiently. Be prepared to be available as a consultant during development period of invention as an associate or at least a working consultant.

Prepared by ; The American Society of Inventors, Philadelphia, Pa., July 1st, 1964.

Approved :

BENJAMIN BUSCH,
President.
E. BURKE WILFORD,
Chairman Code Committee.
CHARLES S. THOMPSON.

EXHIBIT B

CODE FOR CREATIVITY FOR GOVERNMENT AGENCIES

This Code for Creativity, designed primarily to give inventors and other creative scientists improved opportunity and incentive, will also promote progress in government and industry. Economic growth and national defense will both benefit by revision of policies and methods for the purpose of encouraging creative workers and eliminating needless barriers in their paths.

1. The government and industry shall encourage economic growth by early recognition of inspirational ideas in the pioneering stages of development.

2. Analysis of the idea shall include recognition of what is advantageous, as well as that which is not worked out and requires exploratory development. Direction of incentive thought into the right channels is very important.

3. The outside creator or inventor shall be given a letter of status from the government or development group about possibilities of production, so that he can develop solutions quickly and build a team or small organization. (The inventor shall not think too highly of his idea, and should work practically.)

4. A portion of the expenses of every R. & D. contract or study shall be used to have the inventor working with the development. If continuous coordination is impossible, due to distance or personalities, the creative mind should make periodic visits to the development as a working consultant. Much lead time is wasted by having the larger group in any development duplicate the work already done by the inventor and in some cases the development is spoiled by government in-house development or a too long-haired approach.

5. If an idea is worthy of development, the inventor shall be told when, how much, and at what point he can expect money from the R. & D. contract or a royalty on a test quantity. Waste of lead time shall be avoided in every stage of development.

6. Big and small industry working for the government shall be encouraged to be more receptive to the use of outside designs and systems which are of a proprietary nature, and the status of the creative mind shall be recognized when the development for production starts.

7. Agencies shall cooperate with the patent and legal profession and industry to the end, that all patent and proprietary data receive proper awards through administrative settlements. Congress should provide a special fund out of which D.O.D. can act quickly in these matters. Agencies shall treat the inventor with personal attention, responsibility, and speed.

8. No patent legitimately issued shall be attacked by Agency lawyers on a basis of invalidity.

9. The government should not hold any rights to inventions made by contractors or government employees except when it pays for development. Even non-exclusive licenses destroy the incentive to develop an invention from conception to marketing. Agencies shall recognize this principle and implement it insofar as permitted by law.

Nearly every country in the world has a more generous policy of pay for patents bearing on the National Defense, and many countries have Awards Systems where the civilian and military personnel as well as the outstanding inventors and scientists receive reasonable sums of money to compensate them for their contributions beyond the call of duty. The U.S. Department of Defense has recommended that the Congress pass an Awards Bill patterned after the British System.

EXHIBIT C

SUMMARY OF IMPROVEMENTS IN PATENT LAWS FROM AMERICAN
SOCIETY OF INVENTORS

1. *Realistic patent life* in view of the increased time required for development and marketing: twenty years from date of issue.

2. *Validity of all patents* cannot be challenged by government at any time for its own use and the validity for other uses cannot be challenged five years after date of issue.

3. *Insurance*—validity and infringement insurance should be established on patents in same way as government reinsures bank deposits. It is estimated that premium cost would not exceed 50 dollars per year, to cover legal and inventors expenses, up to \$100,000 for defense of inventors interest.

4. *Assignment of patents*—Only licensing should be encouraged and assignment eventually abolished where legally possible. The creative mind of the inventor should not be separated from the development of its ideas. One secret of Germany's continued economic growth lies in its minimum royalty provisions for licenses, of $\frac{1}{2}$ per cent for captive inventors and 3 per cent for independent inventors with a substantial annual minimum payment. Licenses should be cancelable for nonperformance of production and marketing.

5. *Patent office fees*—if there is continuation of assignment, it should be discouraged by putting a \$250 to \$500 transfer fee on the company or individual who receives the legal title. The fees for filing and issue should be reduced to their former reasonable levels.

6. *Legal aid to inventors*—the patent commissioner should educate thru publication of new and simplified pamphlets, so that inventors without sufficient funds, can file their preliminary applications under the proposed "first to file" provision without aid of a patent lawyer. The patent bar associations throughout the land should be encouraged to set up legal aid committees, consisting of young and public spirited members who would help the inventor "per se" to file his application, and aid in prosecution and defense of same, for a share in the royalties.

7. *Reissue*—When the patented idea is put into production, the original inventor should have the right to reissue and rework his basic patent claims and file improvement patents within five years after issue of original without his original work being used as prior art against his improved claims or additional patents. The defense of Laches or no direct notice should be barred in infringement cases before the courts in patent litigation.

Approved by the Legislative Committee of the A.S.I., 11th May, 1967.

E. BURKE WILFORD, L.H.D.,
National Director of Creativity,
National Headquarters, Merion Station, Pa.

EXHIBIT D

COMMENT ON THE PATENT REFORM ACT OF 1967 BY THE
AMERICAN SOCIETY OF INVENTORS

The American Society of Inventors, as a group conversant with the process of invention and interested in patent reform, has been asked to comment on the Patent Reform Act of 1967.

The American Society of Inventors is a non-profit national association, chartered in Pennsylvania, dedicated to the encouragement of inventive effort through representing the group interests of creative workers in these fields. A descriptive pamphlet is attached.

To date we have advanced a code of creativity for inventors, and a code of conduct for government and industry, both designed to remind the parties of their responsibilities as well as their privileges in the encouragement of progress through creativity. For all three, we have developed a form of employment agreement which preserves the equitable patent rights of all three without needless hindrance to inventive effort.

While our membership is small, we believe it is unique in offering any democratic representation whatsoever for the inventor. We have at present about

100 members, concentrated in Philadelphia but also scattered through states such as Montana, California, Texas, and Florida. Some of our members work for industry; many are independent; together they hold hundreds of patents in all fields.

Through discussion and correspondence through the years, and especially in recent months, we have collected numerous opinions, hopes, fears, and criticisms from our membership regarding patent law and the government. We have also solicited opinion on the Patent Reform Act from interested patent lawyers and we have kept abreast of perceptive commentary in the press. Finally, we have studied the Patent Reform Act directly.

We wish to make it clear that we have no paid staff; all of our efforts are voluntary and achieved through personal dedication to the importance of the effort. This has limited our ability to study previous testimony before Congress, and the various legal journals; we hope that our commentary, based more upon our comparatively novel vantage point than upon critical review of other viewpoints, will be of significant value. The detailed study of the Patent Reform Act was performed principally by our Vice President, Mr. Albert G. Fonda, aided considerably by our Legislative Chairman, Mr. James A. Hill and his committee. Attorney Joseph G. Jackson also contributed, as did numerous others through their continuous participation in and loyalty to our Society.

THE NEED FOR PATENT REFORM

It is generally agreed that there is need for revision of the patent laws. Various reasons have been eloquently stated by persons of renown, including of course the President. Valid as these reasons are, we feel the most important reason of all has remained unstated: *a re-establishment of a working system of checks and balances between the inventor, industry, and the government.* The present imbalance of power among these factors threatens to choke off the very flow of creativity on which our economy depends. Failure to understand the problems, the motivations, and the human rights of the inventor seems to be a chronic illness throughout government and industry. The inventor has been regarded as willing, eager, and able to invent regardless of conditions and past experience. Certainly, part of this has been the fault of the inventor; he has tended far too much to isolationism, retiring to nurse his wounds when hurt, rarely joining even with his fellow inventors to achieve the power of numbers. To government and industry, then, he is a mystery man. Not that anyone seems very curious about him; on the contrary, our past president, Dr. E. B. Wilford has remarked that "in recent decades, the government has behaved as if it were defending itself *against* the creativity of the individual."

It is for such reasons, not for the reasons recognized elsewhere, that we see a need for reform in the treatment of the inventor by other Governmental agencies, treatment which sets and confirms the pattern for industry; this will be discussed as it affects the Patent Reform Act. We hope, in our discussion, to reveal to you the "mystery man", his problems and his motivations, for only by so doing will much of our commentary be meaningful. We hope also to demonstrate that the Patent Reform Act certainly does not reverse, and probably actually accelerates, the very trends of treatment or mistreatment of the inventor which lead to his withering, withdrawal, and retreat.

PART I OF THE PATENT REFORM LAW

Since Part I of the Patent Reform Act deals with the structure of the Patent Office, and since no revision of structure is designated, we realize that suggestions for revision of basic structure are hardly anticipated. Yet, we have such suggestions.

(§ 7) The Board of Appeals should not be a part of the Patent Office. It should be a separate body, before which the inventor and the Patent Office are equal adversaries. It is probably a shock to most fledgling inventors to realize that this is not already the case—that the Board of Appeals is in fact a Board of Management made up of the higher-level supervisors of the very examiners whose decisions the inventor hopes to reverse.

Such a practice is not only unfair to the inventor, it is unfair to the examiner; it is a poor management policy. Any supervisor should be personally responsible for the mistakes of his juniors, and should protect the junior from outside criticism even if, once the crisis is past, he attempts to re-educate his employee.

If he must admit a mistake was made, he takes the blame personally. It is demoralizing to the Patent Office to permit and in fact prearrange for cross-examination, criticism, and possible reversal of the decisions of an employee by his supervisor upon challenge by an outsider. Like any healthy business, the Patent Office should be monolithic, rather than be divided against itself. This monolithic and healthy entity, then, would appear side-by-side with the inventor before an independent Board of Appeals, which would approach the presented evidence without the advance familiarity and paternal bias which seems inevitable under the present arrangement.

(§ 8, 12) As a suggestion to further assist the examiners in their task, permission should be granted in the Patent Reform Act for the retention when necessary of consultants in highly specialized fields. This same option is available to industry, and is used when necessary as a matter of good business practice. The breath of fresh influence should be a welcome variation in office routine.

(§ 15) Appointment of an Advisory Council from the general public, which is an excellent proposal, should be implemented by allowance of consulting fees and expenses for the appointees. This would avoid dominance of the board by persons of independent means and paid representatives of big business.

(§ 16?) As a final suggestion regarding organization, a section of the Patent Office, or an office of the Department of Commerce with whom the Patent Office should cooperate, should be formed to assist the inventor. Such assistance should be offered in the same spirit, and for the same reasons, by the Department of Commerce as aid to the agriculturalist is offered by the Department of Agriculture. [We have checked to see if the Department of Agriculture happens to be already performing this function in the field of plant patents. After all, any farmer or nurseryman can discover in his fields a sport or mutant which is clearly patentable, and needs patent protection for its development and sale. But, amidst all the other how-to-do-it aids for the farmer, this is a blank spot. Why? Because, we are told, all the lawyers in the Department of Agriculture are tied to the Patent Office (see § 164) and are busy working against, rather than for, the plant inventor!]

It is not to be thought that present aids to the inventor are sufficient; they are not sufficiently sophisticated. Anyone familiar with agricultural bulletins will recognize the difference. Neither is it to be thought that such aid, if kept general in the manner of agricultural bulletins, would undermine the patent profession; rather it would prime the pump and, by increasing the numbers of successful and hence busy inventors, increase the work available for the patent profession. Further, it would produce inventors who would be better trained and more knowledgeable in working with attorneys and with the Patent Office. Conversely, it would tend to eliminate pseudo-inventors by bringing them face-to-face with reality.

While it may be true that this and other suggestions which we offer would increase the number of applications received by the Patent Office, perhaps more than offsetting any decrease in the examining time per application, we need only quote Commissioner Brenner's remark in the Saturday Evening Post (May 20), "Invention and innovation move the country ahead, and the Patent Office just has to gear itself to keep up." In our view, a serious maladjustment has occurred over the years; we do not expect overnight correction of the maladjustment, to the extent that it may involve a sudden change in the work load of the Patent Office.

(§ 41) Let's take a look at patent fees, under the Patent Reform Act. Fees are to average 65% to 75% of the cost of operation. The balance may be regarded as a 30% subsidy, which we feel can be justified by the public benefit received. Still, we would not object to a zero subsidy, nor to operation of the Patent Office as a nonprofit corporation along the lines recently suggested for the Post Office by the Postmaster General. Our reasoning is that the business benefits derived from patents can pay for the cost of administering patents, and that government withdrawal from dominance is generally desirable.

Regardless of any concept of subsidy, Section 41 allows Congress only the privilege of determining the ratio of all fees to the total Office expense. In reality, what does this mean? The Commissioner of Patents would determine both the total expense on one hand, and the distribution of individual fees along the life-line of the patent, on the other hand. We feel that this is an overconcentration of power in one individual. In particular, the distribution of fees can influence the type of applications received; it can squeeze out the small businessman and the individual inventor without much affecting the corporation.

Perhaps it is not obvious that fees are at least ten times as important to the lone inventor as to the large corporation. Aside from patent fees, the total budget of the inventor pro se is limited to actual cost of materials of construction, plus cost of typing the application and subsequent actions. If the inventor does have counsel, this adds legal fees. The source of this budget is some fraction of the inventor's disposable free income derived from some other employment-present, past (through savings), or future (through loans). The small business has a similarly lean budget for invention. But in the corporation, many other employees support the inventor, and must be paid. Thus, a patent fee of say \$100, is trivial to the corporation, significant to the inventor with counsel, and monumental to the inventor pro se. No wonder, then, that the numbers of patents granted to independent inventors and small businessmen can be strongly affected by a shift in the fee structure which hardly ruffles the corporation.

From the foregoing it may be evident that we do not even approve of the present fee structure. A much-quoted remark by inventor Oscar Banker is that patent fees at present resemble taxation of a new-born babe. Like the baby, the not-yet-patented invention is earning no income, and may never survive to earn income. Certainly, the "birth taxes" don't help it survive.

A corporation has an internal risk-sharing capability such that the older, wage-earning patents surround and protect the toddlers. Without such risk-sharing, independent patents are inhibited. Yet, we need the independents. The corporations make the progressive improvements, but independent inventors are the source of major technological change.

Studies recently reported to the Department of Commerce by a blue-ribbon panel show that independent inventors are responsible for heavy proportions of major technological advance—despite their small numbers and limited resources. How many more such innovations would we have if the road were somewhat less rocky for the independent?

A vital factor in our national rate of growth of new technology thus is the individual inventor. And vital to survival of the independent inventor is risk-sharing.

The corporation provides risk-sharing and stifles depth of innovation in the bargain. Even a cooperative movement among inventors—and it would never work, we don't expect ever to have an inventor's union—would court the same danger. The only practical method of providing risk sharing covering the cost of fees for the independent lies in the skillful and judicious distribution and management of patent fees by Congress.

We recommend and request deferred payment of fees with option of abandonment. We do not ask for deferred payment *without* option of abandonment, for this is mere financing, and we can find other loan agencies. But deferred payment *with* the option of abandonment constitutes risk-sharing among all applicants. The total fees collected remains the same, but the new-born babes are not taxed into extinction, while those which do become wage-earners pay more.

Corporations would enjoy the same privileges, but to them the difference would be trivial; patent fees are small by their standards, and they are already risk-sharing. So except for indirect effect on the general economy, we are not talking about a gross change in the number of patent applications received; we are instead discussing a very strategically located increase in the number of patent applications, an increase in precisely the area which has documented the greatest proportion of major technological advance.

When we speak of deferred payment, we mean some such scheme as a 5% payment upon filing, 5% at issuance, and three 30% payments at four or five year intervals. It does take this long—12 to 15 years—to know if a patent is valuable. The government report "Technology and the American Economy" shows data consistently indicating, for major technological discoveries, delays of 14 years before reaching commercial application, and another 5 years before the use of the innovation becomes widespread. Of course, novelties may come and go within 5 years; this would suggest fees accelerated in relation to gross sales under the patent. Other patents never do achieve sales; it is then to the public advantage if these patents pass into the public domain, by virtue of voluntary abandonment.

PART II OF THE PATENT REFORM ACT

The bulk of the departures from present practice in the Patent Reform Act are found in Part II, on Patentability. As an overall comment, we feel that the approach taken is progressive and courageous, but dangerous; these innovations may have ramifications and side effects which are not immediately obvious, and should be evaluated with utmost care.

(§ 100) Under § 100, Definitions, a definition of "abandonment" is needed, since it is under § 102 a bar to patentability. In particular, the term abandonment should not apply to the lapse of a preliminary application, which is otherwise clearly not a bar to patentability under § 102, not being a public disclosure.

(§ 102) In § 102 we find the first-to-file provision, replacing the first-to-invent concept and displacing both the inventor's notebook and the practice of interference. With certain amendments we will offer, we can equate the preliminary application with the inventor's notebook; so the question of the moment is the desirability of interference.

Our information is that costs average \$5000 per applicant per interference, and that one case in four is won by the second-to-file. These are not very good odds. One inventor would have to conduct not four but eight cases for one victory he would not have won under a first-to-file system. At \$40,000, this is too dear a victory.

But there is another, more subtle economic factor. This is the cost of worldwide patenting when the rest of the world uses a first-to-file system. If it can be shown that a first-to-file principle in the United States would reduce the cost of typical worldwide coverage—presently on the order of \$1000 per country for fees and translation only, or from \$5,000 to \$30,000 for reasonable worldwide coverage—then we have an additional reason for adopting first-to-file. On this combination of grounds, we endorse a first-to-file rule. We also encourage any other steps taken, not necessarily toward a universal patent, but at least toward a universal patent application, advisory assistance from the Department of Commerce, and other means of reduction in the cost of worldwide patent protection.

We assume that, as under current practice, preliminary applications when received will be serially numbered for filing and retrieval. We suggest amendment of § 102(b) to base priority of filing upon serial number; otherwise, we have the rather novel prospect of each application disqualifying the other, if two are filed on the same invention on the same date. The enlarged definition of prior art in the same section means more work for the examiner, and a wider arena of competition for the inventor. To the extent that the examiners are able to widen their search, the inventors are willing to widen their arena. In regard to later sections, however, we will voice certain objections to consideration of prior art submitted from outside the Patent Office.

(§ 105) We suggest that § 105 be reworded to define a prejudicial disclosure rather than a non-prejudicial disclosure. If this is done, § 105 will add to the list of § 102 one more item which does bar patenting. As it is, it starts a new list of items which are not bars to patenting, but there is no assurance that this list is complete. If the conditions specified in § 105 are not met, the item may or may not be prejudicial. Logically it will be prejudicial if it is listed in § 102; otherwise, it will not. To illustrate—race, creed, and color are not listed as being non-prejudicial, neither are they listed as prejudicial; but we must conclude that they are non-prejudicial. Other illustrations are less academic; is public disclosure before complete filing but after preliminary filing, without violation of a nondisclosure obligation, prejudicial? By the same reasoning, no. (And we endorse exactly this conclusion, to duplicate the period of grace afforded by present laws.) But the section should be reworded for clarity. It will be necessary also to reword § 102 to be less restrictive, so that § 105 can add a restriction; or § 105 may be combined into § 102.

Turning to the evident intent of § 105, and to the Presidential Commission's report for clarification of intent, we find that the Patent Office is to be instructed to consider an inventor guilty of intentional public disclosure unless he can bring evidence that he is not. Such proof of innocence would require (a) proof of a nondisclosure obligation upon the person the inventor claims made an unauthorized disclosure; and (b) proof that said person made said disclosure. It is very easy for one item or the other to be missing. A "helpful" relative not provably warned against disclosure may be provably responsible; or a "shyster" provably warned may not be provably responsible. The inventor—like any citizen—should not be responsible for collecting evidence of his own innocence; he should be considered innocent until the office has evidence of his guilt. The phrase replacing § 105(a)(2) should be "there is no proof that the disclosure was authorized by the inventor".

(§ 106) The exclusion from patentability of computer programs is of course desirable in the sense that a computer program is generally considered software instead of hardware, and because obviousness is very difficult to evaluate. But on the other hand the contrivance of data interconnects does require creative originality, and furthermore there is some danger to special-purpose control systems which involve related principles. For these reasons, we suggest the use

of design patenting for computer programs. Consideration of a written program as a unique design, a matter of appearance, seems entirely reasonable.

(§ 111) The rule governing application for patents introduces the preliminary application, which we do endorse provided all necessary steps are taken such that the preliminary application is in effect an inventor's notebook filed page by page at the patent office, and discarded page by page as it becomes obsolescent. This means that sufficient time should be allowed for diligent reduction to practice plus diligent legal preparation. But this is not a constant; some applications might take two or three times as long for diligent preparation, especially since a part of the diligence required is not under the inventor's control.

Accordingly, we recommend provision for refiling of a preliminary application at triple the original fee, and second refiling at ten times the original fee. The action at the Patent Office would be merely restamping and refiling the same papers. The original filing date will then be permitted, upon complete examination, only if supported by proof of diligence, which might constitute only the complexity of the invention itself. Premature publication will be considered prejudicial.

If the basic fee for filing a preliminary were \$10, as Commissioner Brenner has suggested, about a million dollars a year would be grossed. This makes the \$10 fee seem very liberal for the mere stamping and filing of a few sheets of paper. In fact, by the 65 to 75% criterion it is excessive; a dollar or two would seem adequate. Simply to discourage casual filing, we suggest at least a \$5 fee; more is not necessary, as it is money tossed to the wind if there is no serious intent to proceed to the filing of a complete application.

(§ 118) The section allowing the Commissioner to bypass the inventor's signature when someone else has prepared the application but the inventor refuses to sign has not met with objection elsewhere, certainly not within industry. But we do object and object strongly, as we feel that when assignment or licensing is involved this would constitute appropriation of personal property without due process of law. Indeed, we suspect that on such grounds the clause would be unconstitutional. Aside from constitutionality, the danger would be that the Patent Office would routinely rule against the protesting employee and in favor of the persuasive and powerful corporation. While the employee would then still have recourse at law, his funds would not permit this, whereas under present law it is the corporation which has recourse under law when the inventor refuses his signature. A return to present practice can be obtained by simply deleting § 118 in its entirety, and this we recommend with emphasis. The similar clause of § 116 probably should be removed on constitutional grounds, but is less critical on practical grounds, since it involves merely two inventors.

(§ 120) The provisions regarding effective filing date involve a number of departures from present practice, some of which we endorse and some of which we do not. One departure is the allowance of the preliminary application as much as 12 months prior to the complete application, and of this we approve in principle. But consider that the invention must be both reduced to practice in that time, and drawn up in legal form by a busy patent lawyer consulting back and forth with the inventor. For each process, 9 months seems reasonable, but some overlap of the processes also seems reasonable. We therefore suggest a 15 month period of validity for the preliminary application. We would suggest considerably more if we had not already suggested the option of refiling in extreme cases.

Further discussion of § 120 requires consideration of § 154, since it seems evident that certain restrictions on effective filing date follow from the adoption of expiration 20 years after the date of filing. It is easy to say that 17 and 3 is 20, that 20 years from the date of filing is the same as 17 years from the date of issuance. But this is an oversimplification.

Patents presently issued contain claims of varying age, from the earliest supported by the inventor's notebook to the last developed from growing understanding of the invention, from specialization required by prior art, and from recognition of necessary legal phrasing. These various dates are presently of consequence only in case of interference, and all claims regardless of age presently are valid for 17 years after issuance. Because such variations in the age of claims at issuance is inevitable, we recommend either of two solutions: either claim-by-claim dating, so that each claim would bear its own date of filing and would expire independently, or a return to the present rule of 17 years of validity from date of issuance. One or the other is essential, and a return to present practice seems simpler.

(§ 120a2) With § 154 so modified, two important changes in § 120 would become possible, both constituting returns to present practice. First, the preliminary ap-

plication would no longer need to include "every feature (eventually) recited in the claims." This would preserve the intent of the preliminary application as a status report in lieu of the inventor's notebook. Otherwise, considerable attention to detail, and the services of an attorney, might be returned for the usual preliminary application; certainly not the original intent of the legislation.

(§ 120b2) Secondly, a second complete application could be permitted to be a continuation-in-part of a prior complete application by insertion of the phrase "some substantial part of" before the phrase "the invention is disclosed in the prior application". This is important in cases in which the examination of the first application has revealed prior art which reads against the original generic claim, but not against some of the species thereof. The inventor then must patent the novel species separately, and naturally by then can submit additional claims as to specific embodiment. This new application is only in part a continuation of the original. With claim-by-claim dating, the new claims would have later dates of invention but also later dates of expiration, which is only fair. Or with expiration dated from issuance, the older claims would be valid as long as the newer claims, as at present. In the case of a prolonged continuation-in-part, naturally the applicant would prefer validity dated from issuance; but either alternative seems acceptable.

We may note that present practice as expressed in the Manual of Patent Examining Procedure (MPEP 706.03(n)) recognizes that "an original claim is part of the disclosure and might adequately set forth subject matter which is entirely absent from the specification." This too could be retained by means of the suggested changes in § 154, and we so urge.

(§ 123) For similar reasons, publication as provided for under § 123 has no particular merit. The claims are the essence of the patent, and publication of the drawings and specification alone, before the claims are allowed, would have no great value.

(§ 131) With regard to examination procedure, the Patent Office already allows advancement of examination for reasons such as age or ill health, or need for an issued patent in order to attract investment. (MPEP 708.02 and Form PO-94). By the same token, the inventor pro se should be allowed to petition for early examination on formal matters, with an opportunity to respond prior to the first full examination. This would still require reasonably good initial form, but would exhibit the same charity for the condition of pro se as for the condition of old age.

(§ 136) The Patent Reform Act provides for reexamination subsequent to publication but prior to issuance, upon citation of prior art by any person. This is of course an attempt to augment the efforts of the examiner by means of aid from the public, and to allow commercial interests to object to impending restriction of existing privilege. But we have just pointed out that publication without inclusion of claims is insufficient. Upon such publication, a manufacturer would be forced to flood the office with all related literature, in order to assure himself of continued use of public knowledge or still-patented knowledge on which in fact no claim had been entered. This is true even if the specification discloses every feature recited in the claims; it is the restriction provided by the claims which is crucial. Thus it is doubtful if Section 136 is workable.

Further, when a manufacturer did not feel forced to flood the office with information, he might feel privileged to. In an article in *Product Engineering* (March 27 '67), patent law expert R. A. Choate says, "I have seen this system abused in European countries where as a matter of course large corporations file claims against any patents that are issued in their fields. Litigation is too expensive for the individual inventor."

Professor Choate's comment applied in part to reexamination before issuance as provided under § 136, and in part to revocation after issuance under § 257. In either event, from his remarks we are led to the same conclusions.

Citations submitted toward either reexamination or revocation are already restricted from the inclusion of mere public use; only publications and patents may be cited. Carrying this one step further, we suggest that foreign publications be excluded. Both distinctions are fairly trivial, as almost anyone can arrange domestic publication based on either public use or foreign publication; but at least the volume of material cited would be reduced.

Taking a different approach to the problem, we note that both § 136 and § 257 increase the power of the commercial interest opposed to the granting of a patent. This is a good step, and serves a useful purpose, if balance of power can be maintained. In this case, rather than refuse the opponent his increase of power, we need a corresponding increase of power for the applicant. No inventor really wants a patent he does not deserve; its hidden invalidity would be a con-

stant danger to him, even aside from his pride in true originality. So the inventor does not object on technical grounds; it's simply that litigation is too expensive, as Professor Choate pointed out.

So the economic solution to this economic problem is validity insurance; risk-sharing for the many small firms and individual inventors, so that re-examination and revocation proceedings will not be unduly oppressive. For large firms, with their inherent risk-sharing capability, such insurance would not be attractive; for small business and the independents, it would allow pursuit of a few patents and innovations more nearly on a par with such pursuit by big business.

The big-stick policy in patent defense should not be underestimated. Consider that a large corporation is always ready to defend any one of its patents with all its resources; thereby it discourages even the initiation of many attacks. But a small businessman or an independent inventor does not have such numbers of patents to defend, nor the pool of capital to defend them with; he does not carry a big stick. He can be—and often is—litigated to death.

So to provide a balance of power against the enlarged power-of-citation of an opponent in action before the Patent Office, pre-issuance validity insurance is needed. If it is not provided, both § 136 and § 257 should be omitted from the Patent Reform Act.

Further, to provide a balance of power against the already excessive power of big business in action before the courts, post-issuance validity insurance is needed.

Implementation, we feel, should be within the Patent Office. For one reason, this would make it more certain that the job would be done. Furthermore, it would mean that the Patent Office was guaranteeing the results of its work. This would close the loop and provide direct motivation, rather than motivation by directive.

(§ 137) The section on burden of persuasion is very significant. In a single sentence, the applicant is given the burden of persuading the Office that a claim is allowable.

In reality, what does this mean? It may be so obvious as to be trivial, or it may be so demanding as to be dangerous. If it merely means that the applicant must present his case for scientifically skeptical consideration, this is already self-evident, and does not need to be said. If it indicates that the examiner will refuse to be convinced regardless of the evidence, it could mean the end of issuance of all patents. Such a clause should not be left unclarified in the Act.

Turning to the Patent Commission's Report (X) for clarification, we find reference to a Supreme Court opinion against the resolution of reasonable doubt in favor of the applicant, without corresponding notation in the Office action. An obvious remedy would be to provide such notation, but there are other alternatives. The Office has chosen to reverse their policy, to go to the other extreme of resolving all reasonable doubt against the applicant. But this is objectionable on the same grounds as the original policy; and how big is a reasonable doubt?

The only fair solution is that the examiner should have no doubts. It is his job to decide, and he should shoulder this responsibility, reaching a fair decision without arbitrarily tilting the scales in either direction. We can hardly believe that Supreme Court disapproval against tilting the scales in one direction means that they must be tilted in the other direction.

To prevent the scales from being tilted either way, both the previous practice in favor of the applicant and the proposed practice under § 137 must be avoided. We very strongly urge the deletion of § 137 in its entirety, as it inserts a dangerous and unnecessary bias against the applicant.

The question of fair and unbiased examination is often discussed among inventors. Many feel that they have been abused at the hands of arbitrary and capricious examiners. This is of course a matter of opinion into which we hardly can enter here, but we do suggest that some study of typical Office actions be made by the Advisory Council if one is established under § 15, or by other interested and qualified parties.

An explanation which has been offered for objectionable examiner response is simple inexperience. This is more amenable to documentation. We have obtained Patent Office statistics indicating that, of 1100 examiners, one-quarter indeed had less than two years of experience. But one-half had 6 or more years of experience: this seems quite sufficient experience to allow competence. If examiner treatment of the inventor is unfair it is in violation of stated Patent Office policy (e.g. MPEP 707.07j), must involve matters of morale and ethics rather than experience.

(§ 193) The Patent Reform Act allows the Secretary of Commerce to initiate

deferred examination. Deferment in itself is not necessarily objectionable. Some inventors dislike the current delays at the Patent Office, but others are quite satisfied. This depends on their source of financing; if they expect increased capital investment or royalties upon issuance then of course they object to delays, but otherwise they do not, and indeed welcome the added period of protection with no one knowing the limits of their claims. They would be allowed their choice under § 192, if their patent fell in a deferred class. (We presume the Act does not permit establishment of a game of chance, in which payment of fee is made *without* the certain knowledge that deferment will otherwise follow.)

But consider the consequences in case deferment, once made, is unexpectedly terminated. The applicant may be heavily involved in other previously scheduled commitments which suffer from his absence; and his defense also suffers. Either the time allowed for response should be considerably increased, or the termination date should be fixed at the outset and should be irrevocable. Both comprise, of course, the interests of a third party requesting examination.

We share the trepidation of the Commission regarding the advisability of deferred examination, and agree that it should be tried on a limited basis if at all. Special attention should then be given to evaluating extreme even if rare injustice following from unexpected termination of deferment.

PART III OF THE PATENT REFORM LAW

Proceeding to Part III and the protection of patent rights, we have several comments regarding the interrelationships of government, business, and the individual. On the whole, we see an alarming tendency for government to either directly infringe on individual rights, or to entice and in fact force business into such infringement.

In the courts, the Government repeatedly attacks patents which its own Patent Office has issued. This is misuse of the power of the Government. The Government—excluding of course the judiciary—should not be a house divided against itself; it should utilize the investigative and evaluative ability of the Patent Office to determine the patentability of an invention, and, having used it thereafter should abide by the decision. To do otherwise is to violate the original vestment of power and responsibility in the Patent Office and only the Patent Office.

In this view, we are supported by rather amazing unanimity: by all patent attorneys we have contacted, by the Small Business Association, and by persons high in the Department of Commerce. The problem, apparently, is not one of right and wrong; it is one of enabling legislation. In our proceeding paragraph we have tried to present the logical grounds on which such legislation might be based, but we leave the remainder to the lawyers and the legislators.

(§ 257) On similar grounds, in § 257 Government agencies and departments should be specifically excluded from petitioning for revocation, rather than specifically included. The patent has already been issued, and if § 136 is enacted they will already have had their chance to object. Even if not, and the following is true also in regard to court action, the Government agencies are always free to suggest to private industry that a certain patent should be challenged. But if private industry cannot justify such a challenge on its own behalf, the Government should not undertake the task.

(257f) Not only can the external Government agency challenge the issued patent under § 257, but it can do so at the inventors' expense. The \$500 petitioning fee is not required of a Government agency, thereby adding \$500 to Patent Office costs of which 65 to 75% are paid by inventors as a whole. Further, costs of defense otherwise paid by the petitioner when the owner is the victor, are paid by the "victorious" owner when the challenge was put by a Government agency! We ask you to consider the use to which such unrestricted punitive power could be put by a police state.

The limit of \$1000 on such reimbursement, in the case of a private petitioner, is too low. As the costs recovered are required to be reasonable, no limit is required. Any limit at all would invite, to some degree, an attempt to financially harass an owner of limited financial capability.

(§ 261) Our remaining and final remarks apply to ownership and assignment as they affect employee incentive in industry.

It is common to treat the technical employee as if he were hired to invent, so that he has no rights to the results of his work. We will consider the consequences and the causes of this practice, and its possible cures. Our remarks apply only to the typical technical employee, not to the full-time, suitably compensated, professional inventor who is indeed hired to invent, and fired if he does not invent, but who is a statistical rarity.

It may seem paradoxical, but the surest way to stop an employee from inventing is to hire him to invent, while the best way to encourage him to invent is to *not* hire him to invent.

This is because the courts have ruled that "employees hired to invent or improve a specific product have no rights to the results of their work." (Francis Guay, senior patent attorney of the Celanese Corporation of America, quoted in *Business Conditions Weekly*, Nov. 22, 1965.) But "employees not hired to invent have exclusive right to any invention (however conceived) developed on their own time and without substantial company aid." For an invention developed "using company time and facilities . . . the company has a (usually exclusive) right to produce and sell the invention without paying royalties." Thus, rights to go to whoever makes the development investment.

Which sort of treatment provides incentive to invent and disclose in addition to one's regular duties? Obviously, the latter, since only then can the inventor retain enough rights to justify an investment in development upon refusal by the company. Only by not hiring people to invent, will they invent.

Further incentive would be provided, of course, if royalties were added to the above minimum package. We refer the interested reader to "The Legal Rights of Employed Inventors" by T. H. Lassagne, *American Bar Association Journal*, September 1965.

But we are particularly concerned with the minimum package; the basic question of "hired to invent" and the right of an employee to an invention developed on his own time and funds.

"The question is whether employment contracts of this kind promote or impede the constitutionally declared policy of promoting the progress of science and the useful arts." (Lassagne) And the question is why the United States ranks seventh in patent applications per capita.

Businessmen do not classify their technical employees as hired to invent entirely because of callousness and short-sighted self-interest, although this is also a serious factor. They classify their technical employees as hired to invent because the Government forces them to do so.

Procurement regulations throughout the Government require such liberal licensing and assignment to the Government by the company, that the company can comply only by demanding the same from its employees.

(§ 261) It would be helpful to outlaw assignment entirely. Any rights and benefits conferred by assignment can be conferred by licensing; but rights conferred by licensing can be revoked under due process of law, and we intend to make use of this possibility. Accordingly, § 261 could be amended so that title to an invention cannot be conveyed or granted, but resides always in the original inventor. Such a shift in emphasis would also be a token of esteem and recognition for the unique contribution of the inventor. Barring such an extreme step, assignment should be discouraged by a heavy fee.

Whether by assignment or by licensing, the Government itself demands of its contractors rights which the company must in turn demand of its employees through "hired to invent" agreements. For instance, the widely used ASPR forms reserve to the Government the irrevocable right to make or have made, use or have used, and sell or have sold any patentable invention conceived in the performance of or preparation for an R & D contract.

Consider the fact that it is not good business to share the rights to future use of an undeveloped invention with anyone. Each party is tempted to sit back and wait for the other to invest in patenting and in development. If one of the parties chooses to run the race regardless, the other merely has to wait at the starting line in order to be at the finish line. When the diligent party has developed the invention, the actual patent, the production design, and the market, the indiligent party need only copy the design and offer it in the developed market at a lower price—lower because no development costs need be recovered. Then, of course, the diligent party ceases production; so the indiligent party enjoys all the rights of the patent with none of the expenses. This factor of the *cost of development* is completely ignored in ASPR agreements and other Government contracts.

The key word is diligence. When rights are derived as compensation for aid during conception, and apply to an undeveloped invention, they should be revokable on grounds of indiligence in developing the invention. Such a clause should be added to § 261, and means of implementing the principle should be prescribed in the Patent Reform Act.

The ASPR language then should be modified, particularly by deletion of the phrase "irrevocable." Following this lead, agreements between company and inventor could be similarly liberalized; it would become unnecessary to treat the employee as if hired to invent, merely to satisfy the Government. This certainly

would improve employee morale, willingness to disclose to the company, and willingness to develop inventions with or without company aid. Obviously, this would indeed "promote the progress of science and the useful arts" without depriving anyone of a rightful privilege.

In closing, allow me to remark that, in speaking for the American Society of Inventors, and for the inventors of the nation as a whole, our intention has indeed been to promote the progress of science and the useful arts. We are not so much concerned with individual benefit as we are with the total impact on the general economy of proposed legislation and current practices. But inventors have too long been unrepresented, ignored, and deprived of equitable rights necessary to their creative functioning; we do seek to right these wrongs.

The present-day world is engaged in an intensive, highly successful effort to find more natural resources, to penetrate deeper into potentials, and to multiply ways in which they can be useful. Man's increasing mastery of his environment is being accelerated at a rate far beyond the performances or prophesies of the past.

In this magnificent wave of achievement, surely top priority should be given to finding creative minds, recognizing them, encouraging them, and making them useful; for these minds are the only resource capable of identifying, understanding and harnessing all other resources.

A.S.I.

Searching, creative minds are the most valuable of all resources; for it is only through the activity of inventive minds that natural resources less obvious than air or water are recognized and put into the service of mankind.

Minerals, chemicals, atoms, electricity—all the materials of modern progress—mean nothing to man until creative minds observe them, discover their hidden qualities, and find ways to make them useful.

The present-day world is engaged in an intensive, highly successful effort to find more natural resources, to penetrate deeper into potentials, and to multiply ways in which they can be useful. Man's increasing mastery of his environment is being accelerated at a rate far beyond the performances or prophesies of the past.

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OBJECTIVES

1. To promote public and private respect for every individual making an honest effort toward creative achievement in science or engineering.
2. To provide a forum wherein group opinion of inventive workers is formed; and a voice to express this group opinion publicly and effectively.
3. To oppose customs or practices which needlessly hinder inventive effort.
4. To cultivate closer understanding and cooperation between creative workers and the operating world of industry, commerce and government.
5. To convince American industry that, in its own best interest, it should:
 - a. Provide incentive for inventive work by assuring adequate rewards to those who succeed.
 - b. Keep its creative talent in incentive work.

American Society of Inventors (also officially known as A.S.I.) is a non-profit national association, chartered in Pennsylvania; dedicated to the encouragement of inventive effort in science and engineering through representing the group interests of creative workers in these fields.

Modern science and engineering cover numerous specific fields such as chemistry, physics, electronics, etc. Societies and associations have tended to develop within the framework of these specific fields. Many such organizations serve admirably. A.S.I. is not competitive with them; it is supplementary to them.

ADVANTAGES OF A.S.I. MEMBERSHIP

Basically, A.S.I. provides American creative people in science and engineering with the benefits of organized thought and effort.

The ideas, customs, and practices which discourage creative efforts are widespread and deeply rooted. To oppose these forces, to convert them into con-

structive forces is beyond the power of the individual—but is not beyond the power of cooperative campaigning. Explaining the value of inventive work, publicizing the needs and rights of creative workers are tasks requiring concerted action.

There are also personal benefits to the A.S.I. member. Contact with creative people in various fields is interesting, stimulating and enjoyable. Discussions provide new ideas and fresh points of view. Quite often, a principle discovered in one field can be successfully applied in other, entirely different fields. The spirit of A.S.I. is friendly.

There are two types of people who naturally belong in A.S.I. First, there are those actively engaged in creative work of a scientific or engineering nature. The bulk of A.S.I. membership is composed of people drawn from this group.

There are other people, deeply interested in creative work although not personally engaged in it. This group includes manufacturers, marketers, patent attorneys, bankers, educators and others in a position to aid inventive workers in establishing their new developments and to benefit from them. Although this group comprises a minority of A.S.I. membership it has always had representation on the Executive Committee, and members of this group have held every A.S.I. office including the presidency.

SUMMARY OF POSITION OF AMERICAN SOCIETY OF INVENTORS ON PATENT REFORM ACT OF 1967

Sections by number and subject	New provisions to be added	Old provisions to be changed	Provisions to be deleted
Sec. 7. Board of appeals.....	None.....	Board to be independent of the Patent Office.	None.
Sec. 8. Library.....	Add a "live" library of consultants.	None.....	Do.
Sec. 15. Advisory council.....	Allow expenses and fees to assure democratic membership.	...do.....	Do.
Sec. 16. Inventor's aid.....	Advisory bulletins; direct advice, for a commission; insurance, for a fee.	...do.....	Do.
Sec. 41. Patent fees.....	Congress to set fees; deferred fees with option of abandonment.	Lower initial fees; high fees for assignment.	Do.
Sec. 100. Definitions.....	Define "abandonment"....	None.....	Do.
Sec. 102. Conditions for patentability.	None.....	Serial numbering; revise to allow clarification of sec. 105.	Do.
Sec. 105. Nonprejudicial disclosure.	Confirm that preliminary application allows public disclosure.	Clarify meaning; require Office to prove intentional disclosure.	Do.
Sec. 106. Computer programs not patentable.	None.....	Allow a computer program a design patent.	Do.
Sec. 111. Application for patent.	Prescribe \$5 fee for preliminary.	Allow refiling (and require proof of diligence).	Do.
Sec. 118. Action when no oath or assignment can be obtained.	None.....	None.....	Delete entirely; allow recourse at law as before.
Sec. 120. Benefit of earlier filing date in United States.	Original claim may disclose new matter.	Allow 15 months to file; after changing section 154, claims need not all have the same date of origin.	None.
Section 123. Publication.....	None.....	None.....	Delete when section 136 is deleted.
Section 131. Examination of application.	Provide preexamination "on form" for inventor pro se.	...do.....	None.
Section 136. Reexamination after publication.	(Allow for insurance under sec. 16.).	(Exclude foreign publications).	Delete, to avoid flood of public knowledge.
Sec. 137. Burden of persuasion.	None.....	None.....	Delete, and reduce "reasonable doubt" to zero.
Sec. 154.....	(Claim-by-Claim dating)...	Expire 17(20) years after date of issue.	None.
Sec. 193. Deferred examination.	None.....	More notice or fixed time for end of deferment.	Delete, or be very careful.
Sec. 257. Revocation.....	Government agencies should abide by Office decision of validity; allow for insurance under sec. 16.	Exclude citation by agency or department of the Government; exclude foreign publications.	Delete nonpayment of fees and cost by Government; delete ceiling on reasonable costs.
Sec. 261. Ownership, assignment, and licensing.	License shall be revocable on grounds of lack of diligence in development for market.	Ownership shall not be assignable.	None.

EXHIBIT E

AMERICAN SOCIETY OF INVENTORS,
Philadelphia, Pa.

On May 18, 1967 the American Society of Inventors appeared before the Subcommittee on Patents of the Senate Judiciary Committee, under Senator McClellan. At that time the ASI was able to present a carefully detailed commentary on the controversial Patent Reform Act of 1967. For those who may be less interested in point-by-point detail and more interested in generalisms, we present the following.

First, we are largely satisfied with the present patent law as opposed to the Patent Reform Act of 1967. We are seriously concerned by the proposed abandonment of many safeguards and provisions favorable to the inventor and to "progress of the useful arts". If choice were necessary, we would choose the present law, as the Act in its present form poses a serious danger to our economy.

Nevertheless, the best of present practice plus the best of the proposed law should be better than either; we foresee the possibility of a useful synthesis which would trigger a resurgence of currently lagging inventive progress.

Second, as a guide to such a synthesis we see one fundamental credo: restoration of a working system of checks and balances between inventor, industry, and government. At one time the system was in balance, thanks to the original patent law tailored to the original economic system. But in unity there is strength, and inventors are not unified; under the pressure of big business and big government, and so slowly as to go almost unnoticed, the economic system involving invention has drifted far from its point of peak efficiency. Congress now has the opportunity to readjust and re-tune this economic system to the benefit of all the people.

In order to do so, Congress must have working information on the process of invention, patenting, and development from the inventor's viewpoint; we have tried to fill this need, and we urge Congress to pursue this question even further.

Thirdly, there is the widely debated question of the preliminary application. Our considered opinion is that the proposed use to be made of the preliminary application is too harsh; it should be softened until the preliminary application is in effect an inventor's diary kept on file at and witnessed by the Patent Office, an official status report on the progress of invention. We would approve of this and of the discard of material made obsolete by age and lack of diligence. But the proposed law goes radically beyond this; it ignores the concept of diligence, of the gradual development of the complexity and the novelty of an invention, by demanding that all invention cease with the preliminary application.

For instance, in order to establish date of invention, a preliminary application must recite every feature eventually claimed in the complete application! A continuation-in-part appears to be similarly outlawed, and both restrictions seem to result from dating the invention from filing instead of from issuance.

Naturally, it is difficult to allow continuing invention when a single date of invention is sought for the entire invention, genus and species alike. The solution in the Patent Reform Act is to arbitrarily freeze the invention at the earliest possible date, cutting off the present vital privilege of studying, experimenting, building models, understanding, re-applying, and refining one's own initial invention. In our view, the Patent Reform Act assumes that all inventions spring into instantaneous, full-blown glory in the inventor's mind, so that he need only dash off a simple preliminary application and retire to contemplate his future riches while the patent lawyers do the real work. This is not only a naive viewpoint, it is a dangerous one, a misconception which will seriously damage our economy if passed into law.

Our fourth and final point is that the privilege of granting patent rights to an inventor's employer is widely abused, and that business is actually forced by the Government to continue such abuse. On R & D contracts, the Government treats the business as "hired to invent", so the business must treat the employee as "hired to invent". On the surface, this seems reasonable. But in practice, it forces the inventor to share with his employer or with Government, when they have no real interest in his invention, the future fruits of his own future investment in the development of his invention. Such development may include reduc-

tion to practice and patenting, and certainly includes production design and market penetration—every bit of which is not hardware, but intellectual achievement. We should realize that in the first place, a patent is not a monopoly; it is simply protection against theft-by-sight of intellectual property. By the same token, a license to an undeveloped invention is a license to theft-by-sight of all the benefits of development. The licensee need merely wait at the starting line to be at the finish line. Because of this, many good inventions lie un-used, deprived of value to any prospective investor alert to the dangers of a royalty-free licensee. And the inventor is robbed of his invention merely because he was honest enough to disclose to his disinterested employer.

To put an end to such trash-barrel treatment, means should be provided for the recapture of licensed or assigned patent rights on grounds of indiligence of the licensee and assignee. This should not be limited to issued patents only; it should apply even to mere company disclosures, in which case failure to proceed with patenting would constitute indiligence. The Government should be no less subject to recapture procedure than business. If possible, such provisions should be included in the Patent Reform Act; if not, they should be promptly enacted by other means. Since the effect would be to place emphasis on the cost of development, the undesirable feature of a "hired to invent" status would be removed, and disclosures could be freely made.

Our four basic points, then, are that

(1) The Patent Reform Act is a danger to our economy in its present form, but is material for a healthy synthesis;

(2) A credo of patent reform must be restoration of a working system of checks and balances between inventor, industry, and government;

(3) The proposed preliminary application naively freezes the process of invention at the time of application, but would become acceptable if treated as an official inventor's diary; and that

(4) Recapture of patent rights on grounds of indiligence is essential to assure fair treatment of inventors and their continued willingness to disclose inventions to their employer.

We trust that Congress will accurately evaluate these suggestions, and will enact legislation truly beneficial to the progress of the useful arts regardless of any short-sighted objections to valid patent reform.

(Prepared by A. G. Fonda, Vice President; Approved by R. J. Van Zyl, President. Issued June 22, 1967.)

Senator McCLELLAN. Any questions?

Senator BURDICK. No.

Senator McCLELLAN. I want to thank you very much. I am sorry we had to keep you here so late.

Mr. WILFORD. I just want you to meet Mr. Banker. He has had over 300 inventions, and he is in many fields.

STATEMENT OF OSCAR H. BANKER, PRESIDENT, BAY PRODUCTS CO., BAY VILLAGE, OHIO

Mr. BANKER. I will be brief, Senator.

I appreciate the privilege and honor to be allowed to testify before this hearing. I am what you might call an illiterate inventor, because I do not have any degrees of colleges or diplomas to boast about but I have had 50 years of experience going through the mill, and I am the father of the automatic transmissions that are in your cars and that I hope you are enjoying driving.

Senator McCLELLAN. Well, I do not drive. I enjoy riding.

Mr. BANKER. So much the better.

I will file my statement here in the record. I do not want to read it, the time being short. I do, incidentally, want to make it clear that I am not a member of any organization, or of this Inventors Society. I am testifying purely as an individual.

Senator McCLELLAN. If we have not already ordered your statement printed in the record, it will be.

Mr. BANKER. Fine.

I am testifying as an inventor who has been through the mill the last 50 years, and have come to these 11 points that I present in this presentation by experience and by hard knocks.

My candid opinion of this bill, S. 1042, is that it does not help the individual small inventor, but the corporation. Therefore, I object to all the provisions in it. But if a legislator or an attorney takes my 11 points and refines them and grinds them and takes the chaff out of them, it will materially improve our patent law as it stands from the viewpoint of all.

It will also give great help and incentive to the individual inventor, and it will help the progress and well-being of our Nation.

Thank you for this privilege.

(The complete statement of Mr. Banker follows:)

EXHIBIT F

TESTIMONY BY O. H. BANKER, PRESIDENT, BAY PRODUCTS CO., BAY VILLAGE, OHIO

According to history, the patent system was not requested, nor originated by the inventors. It was the custom in olden days to keep secret any useful discovery and form guilds or cartels to keep it among a select group for exploitation—exploit it they did.

Government finding this system not beneficial for the general public and conducive to progress and creativity, asked the inventors to give up this system. They offered to give the inventors the Government's protection for a limited period in exchange for the inventors disclosing their invention fully and filing it with the Government established department. Thus was born the Patent Department. A patent, therefore, is a contract between the inventor and the Government. I may also state it here, that while inventors were legally forced to live up to their end of the contract, Government consistently changed their part of the contract, in one word, defaulted. It finally got so bad that invention and creativity began to curve downward. Inventors are discouraged to see their brain-child snatched from them by big industries or clever promoters. Patent lawyers realizing that their fortunes lay on the side of industry by fat fees and bonuses and unlimited expense allowances, have deserted the lone inventor. Today a lone inventor cannot afford a good patent counsel. To get a simple patent costs close to \$1,000. So, is it any wonder that Government is now alarmed at this downward trend and is trying to do something about it? Therefore, this Bill H.R. 5924.

In my humble opinion this bill is of little help for the small independent inventor. This bill still favors big industry and supports the general belief that inventions now have to come from giant research establishments, etc., . . . that the days of the basement and garage inventor are over, or are not important . . . the same folly that a patent examiner quit his job many years ago, because there was no more field for inventions and his job was not secure.

I beg of you, gentlemen, do not fall for such folly. Inventions are made by men, not money and institutions. I can with certainty claim that not more than 1% of all original ideas in the auto industry came from its own research. To name a few: windshield, windshield-wiper, disc wheels and brakes, downdraft carburetor, four-wheel brakes, radiator, heat control, power steering, power brakes, automatic transmission, closed body, etc. I could continue this list indefinitely. If you closely investigate any other large industry it will reveal the same thing. I am not down-grading the research establishments. They will contribute invaluable service to improve and refine for use the original concepts that the outside inventor brings to them. They are properly named "research". The originator searches and finds, and they do research again and refine. Sometimes to eliminate the original searcher, too.

Several years ago when General Motors Corporation dedicated their \$100,000,000 Research Center, my good friend Wm. B. Stout, all-metal air plane de-

signer, said to me: "Oscar, it is all very fine, but I do not expect anything original to come out of there. I still think a farm boy or someone else outside with imagination and using baling wire and sticks will make something we don't even know now we will be needing. Because when unlimited money is available people can't think." I think there is a basic truth in that and industry of late is recognizing it.

In 1946 I had a long-distance call from an old friend of mine, Art Laube, who was the president of Webster Electric Co. of Racine, Wisconsin, and here is the text of his call—or, as close as I can remember it now.

He said, "Oscar, I just returned from New York. On the train I met a General Motors Vice President and we had a long conversation about General Motors new Devices Department. He told me that it costs them a lot of money to keep it running, but it was worth it. He said they don't so much keep it going to buy outside inventions, but to keep a door open for the hopefuls to bring ideas to them, so they can have a chance to see what improvements are being thought of. They then give it to their engineers and scientists to work on. Invariably they come out with a better idea and device. He said, further that 'In the last 25 years we had to buy only one or two patents.' I was so shocked, Oscar, he was actually boasting about it! I then thought I would call and warn you, as I knew you are working in automotive field." Of course, I assured him that I knew and was one of their victims and have not darkened their door for some time. This is a true story. Unfortunately he would not reveal the name of the particular vice president. If it was not for time, I could keep you several days by actual stories and cases.

I have here an entry in my diary I would like to read to you dated June 8, 1942: "Saw Charlie Welman—he introduced me to the patent attorney of Ford Motor Company, Mr. McCrae, who knew me by reputation and said, 'You are the man that delayed the automatic transmission progress. If you had thrown your patents open to the industry four or six years ago, all of the cars now would have automatic transmissions.'" It was such a shock and surprise to me that I recorded it. I do remember the incident. It was at a dinner of the Society of Automotive Engineers and we were sitting at the same table. Is it any wonder that I was not properly rewarded for my contribution and contribution of my financial backer, Mr. Franklin Magil. He passed away in 1943, but he never lost faith that the public would eventually get it, as long as Mr. McCrae confessed the cause of the delay.

Our courts are still against patents. Supreme Court Justice William Douglas' "Flash of Genius" doctrine on invention has done more harm than anyone can imagine to the independent inventor. Corporations used it ruthlessly to knock out good patents using that doctrine. I also lost a patent and was victimized by it.

I am assuming that Congress, as the public's representative, and having their welfare at heart, will want to help to keep creativity by a reliable patent system that will help the inventor to reap a reward he deserves, and thus contribute to the well being of the public and the progress of our nation in this competitive and hostile world. It has been shown that every European country and Japan, where the patent law was favorable to the inventor, the trend of inventions and patents began to go up. Think, gentlemen, the inventor is not taking anything away from anyone, and until he creates something, no one has it.

I noticed that the copyright law will be changed to extend the time to the life of the author plus 50 years. Is not an invention as important, or more so?

If you will permit me, the following are my suggestions:

1. Patents to be issued to and held by the inventor, no matter who he is working for. If developed at the expense of his employer, they automatically retain exclusive rights by a license from him. If an independent inventor forms a corporation to exploit it, he gives an exclusive license to them. Corporations must not have the patents as assets, only the license. In case of failure, the inventor still has his patent to try again. Many an inventor has lost his patents in this way by scheming promoters, who made millions later for themselves.

2. The inventor that is employed by a corporation be paid one or two per cent royalties in addition to their salaries. When it is a group or team effort, then this sum can be distributed to them in the proportion of their contribution, which may require some method of determination, which I'm sure can be resolved. Let inventors compete with inventors, and not inventors with corporations. If corporations have to pay anyhow, they will more likely buy an outside patent from the independent.

3. The life of a patent to be fifty years, if it is being held on the shelf, or if the invention is ahead of its time—such as Professor Goddard's rocket engine. The life of such a patent be only ten years when it is put in production and the inventor paid, even if the production starts before the patent grant.

4. No one in the country shall have the right to negotiate the life of the patent to less than the grant period. This is now in practice by the automobile industry. They are limiting it to five years, and General Motors started it after World War II. This is proof to me that corporations are more powerful than the Government.

5. The government who is issuing the patent should not have the right to challenge the validity of the patents it grants. My patent for helicopter drive No. 2492831 is being so challenged.

6. Validity of any patent should not be challengeable after one year of its disclosure. All infringement prior to the issuance of the patent be recoverable retroactive to the filing date. It is a vicious practice at present; any good item that is marked "Patent Pending" is put into production by unscrupulous firms for a quick and wide distribution before the patent issues, and jumps out of it when the patents come.

7. The Patent Office should have a department for registration, at a nominal fee of \$5.00, of inventions described in principle and drawn covering basic points of the invention for a period of five years during which time operational details, detailed drawings could be worked out, samples tested and improvements made. At the end of this five years the patent would have to be filed or the material would become public property and published as such if desired. This list should be available to the patent examiners, but kept secret from the public. This for two reasons: 1) To allow a poor inventor to raise money for his experiments and attorney's fees for the patent. No average independent inventor can afford them now. 2) To reduce the backlog of patent applications—because if this system was in existence, almost one-third of the cases that I filed would never have been filed. I would have found out during these five years that they were not what they appeared to be at the time. Fear of interferences prompted me always to file first, then worry later. I had many interferences—most of which I won. My Patent Number 2667251 was in the Patent Office for 16 years because of interferences, and I won them all at a cost of close to \$9,000.00. This list of registered inventions should be proof of date of invention in case of interference and eliminate the present interference system. Captive inventors will also use this register to make sure their boss doesn't claim their invention as his own. Don't they?

8. Patent fees be reduced to nominal figures. A substantial fee be charged for recording the non-assignable patents licenses. This to prevent unscrupulous investors from issuing more licenses than legal.

9. Establish an insurance system that for a nominal fee an independent inventor can get money from this insurance to enforce and protect his patent from powerful corporations. If it can be done, also establish a special tax on royalties paid out or received for the cost of running the Patent Office. Perhaps one per cent from the inventor and one per cent from the manufacturer. That is one per cent of the royalty paid out to the inventor.

10. Establish patent courts manned by qualified judges trained in patent law. Also, establish guide lines for rates of royalties so a large powerful corporation cannot dictate terms and call it bargaining. Make it a criminal offense to deliberately disregard a patent if it can be done.

11. Patent examiners not be permitted to re-invent an invention by picking pieces from other arts, etc. If an inventor has created a useful device without the information of the old arts available to him, he should get a broad interpretation. "Skilled in the art" is worked to death. With the kind of attitude in the Patent Office for the past several years, the invention of the sewing machine could not be protected broadly today. The examiner would have said "The sewing needle is an old art. Therefore, taking the well-known hole in a well-known needle and moving it from the hindmost to the foremost is not an invention." Strangely enough, that simple act was the heart of the invention. Even today, no one can make a sewing machine otherwise.

We seem to have lost perspective. Our aim seems to be toward outer space, and you are willing to be generous with the program. That is fine. But, let us not forget, gentlemen, that we still need the good old earth to live on, and the common people's well-being who are providing the substance—the tax. The

records show that every industry in the nation was built around an invention, that someone's imagination created. . . . Patent Department short sightedly, and you passively placing road-blocks for future inventions by high fees and restrictions. The only governmental department that creates jobs and tax base is the Patent Department. Yet, you are insisting that they pay their way. The logic of this is beyond me.

An invention is like a new-born baby. You don't tax it at birth. You wait until he earns. Why should an invention be treated differently?

Remember, also, that Edison's patents have expired many years ago, but we are still enjoying their benefits. The entire world is, too, and will keep on enjoying them to the end of time. For every secret we can dig up, it is ours for keeps. Let us give encouragement and security for the future inventors. Our continued progress and good life depends on them.

Senator McCLELLAN. Thank you very much. You do have your 11 points set out in your statement?

Mr. BANKER. Yes.

Mr. WILFORD. I just want to say one thing: This is a very famous saying. It was given to me by J. Walter Christie, who invented the tank and was turned down by the Army, a historic case of how the British and the Russians got Christie tanks and our ATAC fellows were building poor ones. This was said by Dr. Samuel Johnson to Ben Franklin in 1770 at the Old Coffe House before the Revolution: "The power of invention is endowed upon the few, but working out the science of invention is more than can easily be endured by many."

Senator McCLELLAN. Thank you very much, gentlemen.

There will be future hearings on these measures. I cannot set the time now. For the present the subcommittee and this hearing on these bills is in recess subject to call. For today the subcommittee stands adjourned.

(Whereupon, at 5:10 p.m. the subcommittee adjourned subject to call.)

APPENDIX

AEROSPACE INDUSTRIES ASSOCIATION OF AMERICA, INC.,

OFFICE OF THE PRESIDENT,

Washington, D.C., November 22, 1967.

Senator JOHN L. McCLELLAN,

Chairman, Subcommittee on Patents, Trademarks, and Copyrights, New Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: The Aerospace Industries Association of America, Inc. represents fifty-nine of the nation's major suppliers of aircraft, spacecraft, missiles and components thereof. We believe that the United States Patent System has and will continue to contribute substantially to economic and technological growth of our country and industry. Accordingly, we appreciate the opportunity to present our views on the proposed legislation, S. 1042, "The Patent Reform Act of 1967."

In view of the hearings that have been held on the matter, we have elected to submit our views in the attached comments, together with a request that they be included in the printed record of the hearings.

We understand that further hearings may be held on this subject. In that event, should the Subcommittee deem it desirable to have the Association provide a witness, we shall be pleased to do so.

Yours very truly,

KARL G. HARR, Jr.

COMMENTS OF THE AEROSPACE INDUSTRIES ASSOCIATION OF AMERICA, INC. ON S. 1042, "THE PATENT REFORM ACT OF 1967"

The Aerospace Industries Association of America, Inc., believes that the United States Patent System has and will continue to contribute substantially to the economic growth and technological progress of both industry and the country as a whole. We have expressed our views on this proposed legislation accordingly, supporting those provisions we feel would strengthen and improve that system and pinpointing others which we believe would prove detrimental to the disclosure, publication and free exchange of technological information.

The following discussion deals with the changes we consider undesirable, primarily because they outstrip present resources for identifying worldwide state of the art, place too great a burden on the inventor, or tend to defeat the purpose for which they have been proposed. It should be recognized that objections and suggestions made with respect to specific sections of this bill will also apply to other sections due to the interdependency and interrelationship of many of these provisions.

Section 41—Patent Fees

Paragraph (a) of this section proposes a drastic change in the present statute in the form of giving the Commissioner of Patents the authority to establish fees, the only apparent guideline being that the fees recover between 65 and 75 percent of the cost of operation of the Patent Office. We believe it is improper to empower the Commissioner of Patents to set fees without specific guidelines fixed by the Congress, with benefit of full hearings on such matters as fee structure and the apportionment of fees in accordance with the cost of providing the service for which the fee is charged. The absence of proper guidelines could result in unfairness, discrimination, inordinate jumps in costs to applicants, and general uncertainty about costs.

One of the factors which should be considered in determining fees is just what costs the fees should cover. For example, we note that under Sections 12 and 15 of the bill, substantial research and development effort is contemplated

for the purpose of improving and expediting handling classification, storage and retrieval of patents and other scientific and technological information. Although we agree that such an effort is important, even vital, we can see that its proper implementation will be extremely expensive, and we do not feel that these costs should be recovered primarily from patent applicants. Likewise, other projects financed by the Patent Office, such as the public search room, international negotiations toward a universal patent system, and an international prior art searching facility, are not of direct benefit to all patent applicants, and should not be included in the costs of operation subject to the high recovery range proposed in Section 41(a).

Section 102—Conditions for Patentability

The present statute provides that a printed publication in this or a foreign country shall constitute prior art. In seeking to update this limited statement in the statute, Paragraph 102(a) of the new bill provides that if it is made available to the public by means of a disclosure in tangible form, it shall be considered prior art. In our view, this statement is too indefinite and should be amended to read "information in tangible form."

Further, we are opposed to the inclusion of foreign public use or sale in the definition of prior art. At present, it is impractical to locate such use or sale, and if this expansion of the prior art were to be written into the statute, it would place a cloud of invalidity over every patent granted. If and when a universal searching system becomes available and a universal definition of public use and sale goes into effect throughout the world, then—and only then—should consideration be given to treating prior art on a worldwide basis.

Section 102 of the proposed legislation provides that the patent will be granted to the applicant who is the first to file; whereas, under the present system, the patent is granted to the first to invent, provided he meets certain conditions. This change is aimed at abolishing the interference practice presently in effect, a practice, incidentally, which involves less than 2 percent of the applications filed. To make the proposed change, however, would necessarily result in greater secrecy with respect to new developments, thereby preventing free disclosure and interchange of information which may now occur as soon as the inventor has protected himself with adequate records. In addition, this change would preclude the inventor's testing the commercial value of his invention in the marketplace before assuming the expenses of patenting it.

While its proponents claim that, because the present grace period has no counterpart in most foreign systems, the "first to file" system will lead to greater international uniformity, a check of the patent systems in other countries indicates that this is simply not true—substantially all other nations protect the rights of contemporaneous inventors seeking to commercialize their inventions and, in at least several instances, do provide a grace period to inventors.

To overcome the drastic effects of the "first to file" system, Section 111 does provide for the filing of informal "preliminary applications," so that the inventor may obtain an early effective filing date establishing the date of his invention in lieu of the records he now keeps for that purpose. Although the system's supporters view this preliminary application as an informal sort of document, the fact remains that it must completely disclose the subject matter to be claimed in the complete application. For this reason, the proposed change could prove very costly for both the applicants and for the Patent Office, in view of the great volume of paperwork it is likely to entail. To make matters worse, the filing of the preliminary application means the applicant must follow it up with a complete version within 12 months, and because the convention period would commence with the filing of the preliminary papers, all corresponding foreign patent applications will have to be filed in that same 12 months.

We urge, therefore, that Section 102 be revised along the following lines:

- (1) Provide a grace period of one year.
- (2) Issue the patent to the first applicant to file.
- (3) Any applicant may provoke an interference with a granted patent under conditions and regulations to be established by the Patent Office.
- (4) To the extent possible, adopt a simplified interference practice.
- (5) In any proceeding in the U.S. Patent Office, an applicant shall be accorded a date of invention no earlier than two years prior to the actual filing date of his application for patent thereon in the U.S. Patent Office.

Section 105 does seek to provide some, though inadequate, protection to an applicant in the event that someone else publishes his invention prior to the

effective filing date secured under proposed Section 102(a), knowledge of the invention having been derived from the inventor and published in violation of the obligation not to disclose. The inventor must, however, file his application within six months of such unauthorized publication. If the one-year grace period were to be retained, as suggested above, proposed Section 105(a) would not be necessary.

Should the latter section be left in for any reason, however, the six-month period should be changed to 12 months, and (a)(1) should be clarified by inserting, after the word "derived," the phrase *directly or indirectly*. Paragraph (a)(2) should be deleted entirely, because it is unnecessary and impractical—it would effectively prevent an inventor from submitting his invention to those who might be interested in investing in or supporting its further development, due to the fact that most businesses are loath to accept invention disclosures in confidence.

Section 106—Computer Programs not Patentable

This section should be deleted from the proposed statute. No particular science or technology should be excluded from patent coverage.

Section 123—Publication

This section provides for the publication of all pending patent applications within 18 to 24 months of their earliest effective filing date.

Under the Constitution and the present Patent System, the Government grants a patent to the inventor in exchange for the disclosure of his invention. It is our belief, therefore, that an application should not be published until the Patent Office has examined the application and has indicated that it contains patentable subject matter, thereby giving the applicant reasonable assurance that he will be awarded a patent. It is urged that Section 123(a) be amended to this effect.

Section 151—Publication and Issue of Patent

This section proposes that when the application has been found allowable, the Patent Office would then publish the patent application, upon payment of a fee by the applicant. This would give the public the opportunity of citing pertinent prior art, as proposed in Section 136. While such publication would delay the issuance of the patent, providing an opportunity for the best prior art to develop may warrant the wait.

It is suggested that instead of amending Section 123 to provide for publication only if allowable subject matter has been found, consideration be given to deleting Section 123 entirely and retaining Section 151 alone. To minimize the delay in the issuance of patents, however, the Patent Office should be required to issue a notice of allowance promptly after the Examiner's decision to that effect.

Section 136—Reexamination after Publication

This section would provide the public an opportunity to cite prior art against an application published under Sections 123 and 151. Note also that the public may cite prior art anytime within three years after the patent is issued. We favor the inclusion of Section 136.

However, since the reexamination which may result under this section involves only the applicant and the Patent Office, it is suggested that the wording be amended to make it clear that there is no estoppel against any member of the public for submitting or failing to submit prior art under Sections 123 or 151. In our view, this may encourage the submission of prior art for consideration by the Patent Office.

Section 137—Burden of Persuasion

This section would place on the applicant the burden of persuading the Office that a claim is allowable. Although, in effect, this is already the announced practice of the Patent Office, even under the present system all proofs and tests of the value and allowability of an invention are frequently not available during the early history of an invention and would almost never be so under the "first to file" system. That it may be impractical or even impossible for an inventor to produce such proof and tests at an early date should not prevent the granting of his patent. It would appear that if the applicant can raise a reasonable likelihood that invention is present, the Patent Office should allow the claims to the invention, subject to later determination of the courts at a time when the necessary proofs would be more likely to be available.

While some courts have been critical of the standard of invention in the United States Patent Office, this criticism tends to overlook the fact that normally the only patents litigated are those which are neither clearly valid nor clearly invalid. Using only litigated patents to measure the standard of invention historically applied by the Patent Office is not a valid measure. It is, therefore, urged that Section 137 be amended to indicate at least that the applicant shall have the burden of persuading the Patent Office only that the claim reasonably appears to be allowable.

Section 147—Appeal to the United States Court of Appeals for the District of Columbia

Under both the present statute and the proposed bill, applicants may appeal from the Patent Office either to the District Court for the District of Columbia or to the Court of Customs and Patent Appeals, a practice which has, at times, resulted in apparently conflicting law on a particular point. This section provides that either the Patent Office or the applicant may appeal from a C.C.P.A. decision to the Court of Appeals for the District of Columbia, as is now the case in decisions from the District Court. This attempt to avoid conflicting decisions places the expense of another level of appeal on applicants using the C.C.P.A. route.

It is suggested that, instead, Section 145, entitled, "Civil Action," be amended to provide that appeal from a District Court decision shall be had only to the C.C.P.A. This places no extra burden on the Patent Office or the applicant, while still providing for appellate review of District Court decisions prior to any writ of certiorari to the Supreme Court.

Section 148—Presumption

We urge the deletion of this section or, at least, of the phrase that Patent Office decisions will be upheld unless without substantial basis or not in accordance with law. The presumption of correctness of a Patent Office decision has always been recognized. The Patent Office Examiner has not usually had experience in the technology involved and often has had little experience in the patent field. The almost irrefutable presumption proposed, therefore, places undue value on the action of the Examiner, denies trials de novo, and puts too much reliance on hindsight.

Section 154—Contents and Term of Patent

The present statute provides that a patent shall have a term of 17 years, commencing the date the patent is granted. This section of the proposed bill would provide a patent term of 20 years, running from the earliest United States effective filing date of an application. Inasmuch as this bill contemplates "preliminary applications," it would be unfair to the U.S. applicant to have the term of his patent run from the earliest filing date, the date of his preliminary application, because a similar burden would not apply to the foreign applicant, whose term would begin with the filing of his U.S. application. In effect, this would give a foreign inventor up to twelve months longer than the term of the American applicant. Therefore, it is urged that the patent term be measured from the date of the completed application instead of the preliminary filing.

Chapter 18 (Sections 191–194)—Deferred Examination

We favor deferred examination as proposed in this chapter but believe that instead of putting it on a "standby" basis subject to the will and decision of the Secretary of Commerce, at least a pilot program to test the concept be promptly instituted. If within a reasonable period such a concept proves correct, then deferred examination should be established for all applications. If this practice is tentatively considered workable and advantageous to the U.S. Patent System, it should be tested at this time, or, alternatively, Chapter 18 should be deleted until the Secretary of Commerce feels the time is right to consider setting up a deferred examination system.

In addition to providing possible relief for the large backlog of applications in the Patent Office, deferred examination would also seem a boon to applicants desiring to test the commercial value of their inventions before going to the needless expense of prosecuting applications for inventions which might prove valueless. It might also be noted that the applicant wishing to obtain examination at the time he files his application may still do so under the provisions of Chapter 18.

We do object, however, to one provision, Section 192(b), which provides that applications under the proposed deferred system would be published as soon as practicable. It is our view that deferred examinations should be published no sooner than within 18 to 24 months of the filing, giving the applicant a chance to evaluate his invention and to abandon the application if it appears that he will be unable to obtain patent protection of value, in which case publication could be avoided.

Section 251—Reissue of Defective Patents

This section omits the right under present law to obtain a broadened claim by reissue. It is urged that the right to either a narrowed or broadened reissue should be retained, so that the patentee may correct for errors made without deceptive intent. We note that users with intervening rights are protected with respect to broadened reissues by both the new and old Sections 252.

Therefore, this section should be amended by inserting in line 4 of paragraph (a), after "more," the words—*or less*. At the end of paragraph (c) before the period, insert the following—*unless applied for within two years from the grant of the original patent*.

Section 253—Disclaimer

This section is the same as Section 253 of the present statute, except that it adds a new paragraph (c) providing that a terminal disclaimer or dedication under 253(b) fixing a common expiration date of two patents will have no effect on the determination of patentability or validity of either claim. The effect of this paragraph then is to prevent correcting for an extension of monopoly in cases of double patenting by the use of terminal disclaimers. We urge that paragraph (c) be deleted because it prevents the use of a disclaimer to protect both the owner of the patent and the public.

Section 257—Revocation

Even though this section is a substantial departure from our present patent system, we believe it merits careful and favorable consideration. We agree that a substantial fee be required to minimize harassment of patentees. In this connection, however, we urge that paragraph (f), excusing the Government from paying such fees and costs, be deleted to deter harassment of patentees by the Government itself and to prevent the public from using this avenue to harass the patentee.

This section sets a three-year limit for the citation of art against an issued patent. While a cut-off date has merit, the advantage of this section would be lost in the case of a patent which is ahead of its time. For instance, there may be no manufacturer in the particular business to which a patent pertains at the time it issues, and therefore there would be no reason for anyone to investigate the issued patent during the revocation period. We believe further study of the ramifications of this provision is appropriate.

As in the case of Section 136 of this bill, it would be well to amend Section 257 to the effect that no estoppel shall arise for the citation or the failure to cite prior art against a patent.

We also feel that consideration should be given to including a means similar to that provided in Section 136 for citing public use or sale. We suggest, in fact, that a provision parallel to Section 136(b) be added to Section 257.

Section 271—Infringement of Patent

Paragraph (b) of this section adds desirable protection to patented processes; however, the proviso which precludes that paragraph from applying to importation from countries which provide process patent protection is unfair to patentees and should be deleted. Otherwise, every U.S. patentee would be obligated to seek process patent protection in all foreign countries where it is available. This burdensome requirement should not be placed on U.S. patentees.

If a process patented in the U.S. is to be protected against importation of products, such protection should be available regardless of the exporting country, so that less affluent and less knowledgeable U.S. patentees are not deprived of this protection. Small businesses and independent inventors can rarely afford the cost of multiple filings, prosecution, and maintenance of foreign patents. Furthermore, such foreign patent protection is an improper yardstick for judging whether the U.S. process patent is to be enforceable against unauthorized importation.

It should be noted, incidentally, that the President's Commission in its Recom-

mendment XXI does not require that process patent protection not be available in the exporting country in order that the U.S. process patent be enforceable against unauthorized importation.

Section 273—Unauthorized Practice of Subject Matter Prior to Issuance of Patent

Should Sections 136 and 151 become part of our law, this section of the proposed bill would have merit in that it would provide a measure of protection to the patentee for a three to six month delay in the issuance of his patent occasioned by the publication of his allowed application. However, this section will require further study and modification if it is to be of real use to patentees.

It is urged that consideration be given to omitting the specification of allowable damages (reasonable royalties) and the compulsory license which continues after the patent issues whenever a patentee seeks relief under this section. It is recommended, therefore, that paragraph (c) be deleted and relief to the patentee for damages suffered during the interim period be incorporated into Chapter 29 by providing the courts with authority to grant appropriate relief and damages, including injunction against further use of the patented invention where the facts, in the view of the court, warrant.

Section 294—Estoppel and Cancellation

This section represents a radical change in the present law, in that it would provide that adjudication of invalidity of a patent would be "in rem." In theory, this may sound reasonable; however, there is a great discrepancy between the attitudes of the courts with respect to patents in the different circuits. For this reason, we cannot approve "in rem" invalidity unless and until a reasonable uniformity between circuits can be anticipated. Furthermore, new evidence not previously available could cast doubt on the correctness of an invalidity decision. For example, the art relied on might prove inoperative and/or fraudulent.

Interesting repercussions would undoubtedly result, were this section to be enacted. For example, a patentee might find it necessary to bring a series of suits against a number of infringers. In the first five or six suits, the courts might find his patent valid and infringed, and then, in the next action, a different court might find the same patent invalid on the basis of the same facts and prior art cited before. Inevitably, the question would arise: Does the court finding the patent invalid thereby overrule the earlier decisions to the contrary, and what effect would such an overruling decision have on the prior decisions of validity and the damages and injunctions already awarded?

UNITED STATES SENATE,
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
Washington, D.C., September 28, 1967.

HON. JAMES O. EASTLAND,
Chairman, Committee on the Judiciary,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: At the request of the Colorado Bar Association, I am forwarding several resolutions adopted by the Association with respect to the proposed revisions of the patent laws. I would appreciate it very much if you would have these resolutions made a part of the hearing record on this legislation, and would give them every consideration in the deliberations on the bill.

Best regards.

Sincerely yours,

GORDON ALLOTT,
United States Senator.

Enclosure.

LITTLETON, COLO., September 25, 1967.

HON. JAMES O. EASTLAND,
Chairman, Committee on the Judiciary,
U.S. Senate, Washington, D.C.

DEAR MR. EASTLAND: On behalf of the Patent, Trademark and Copyright Section of the Colorado Bar Association, I have the privilege of submitting for the hearing record the attached Resolutions of the Section which relate to the proposed revisions of the United States patent laws.

These Resolutions have been formally adopted by the Section and their transmittal has been authorized by the Board of Governors of the Colorado Bar As-

sociation. We very much appreciate the opportunity to present these Resolutions for the consideration of your Subcommittee.

Very truly yours,

RICHARD C. WILLSON, Jr.,
*Secretary, Patent, Trademark and Copyright Section,
 Colorado Bar Association.*

RESOLUTION OF THE PATENT, TRADEMARK AND COPYRIGHT SECTION OF THE COLORADO BAR ASSOCIATION RELATING TO PROPOSED REVISIONS OF THE UNITED STATES PATENT LAWS

RESOLUTION NO. 1—RE: FIRST TO FILE CONCEPT

The Section opposes a strict "first to file" determination of inventorship as placing an absolute premium on immediately in filing which would tend to cause a severe decrease in the quality of applications filed, and greatly increase the amount of material which must be searched by the Patent Office. The Section proposes that the present one year statutory bar period be continued. The first person to file should prevail unless two applications on the same invention are filed within one year of each other, in which case an interference procedure should be utilized.

RESOLUTION NO. 2—RE: PRELIMINARY APPLICATIONS

The Section opposes provision for preliminary applications because of the serious tendency to increase the amount of "trash" applications which may be filed and which may seriously compound the search problems of the Patent Office. The Section feels that permitting interferences between inventors who file within one year of each other will satisfactorily eliminate the need for preliminary applications and will encourage both reasonable quality and reasonable promptness in filing.

RESOLUTION NO. 3—RE: CITATION OF ART BY OTHERS

The Section endorses an opposition type of period as now provided by the President's Commission Recommendations and by S. 1042, provided that prior art not cited during this period should not be permitted to be introduced in any proceeding thereafter. Rights of prior users of the invention should not be affected by the patent. The Section recommends that after termination of the periods provided in the Recommendations and the Senate Bill 1042, a patent should be conclusively presumed valid except on the basis of fraud.

RESOLUTION NO. 4—RE: PUBLICATION OF APPLICATIONS

The Section endorses the early publication of applications as provided for in the Presidential recommendations and in Senate Bill 1042, except that the publication should occur 18 to 24 months after the earliest effective filing date or promptly after allowance or appeal, whichever comes *last* (and not "whichever comes first" as in the recommendations). This single change is necessary to prevent the applicant from suffering from a failure of the Patent Office to act promptly.

RESOLUTION NO. 5—RE: FEES TO BE SET BY THE COMMISSIONER OF PATENTS

The Section opposes the setting of the fees by the Commissioner of Patents as providing insufficient control of Patent Office costs. The Section recommends that fees continue to be set by Congress, possibly based on the suggestions of a committee, and that fees should balance cost of operation of the Patent Office against the need for encouraging the patenting of American inventions.

RALPH F. CRANDELL,
Section Chairman, 1966-67.

GAYWARD N. MANN,
Section Vice Chairman, 1966-67.

RICHARD C. WILLSON, Jr.,
Section Secretary, 1966-67.

U.S. ATOMIC ENERGY COMMISSION,
Washington, D.C., June 5, 1967.

Subject: S. 1042.

Hon. JAMES O. EASTLAND,
Chairman, Committee on the Judiciary,
United States Senate.

DEAR SENATOR EASTLAND: Thank you for your letter of March 21, 1967, soliciting views on S. 1042, a bill "For the general revision of the Patent Laws, title 35 of the United States Code and for other purposes."

The U.S. Atomic Energy Commission supports the broad objectives set forth in the November 17, 1966 Report of the President's Commission on the Patent System to improve the Patent System, enhance the quality and reliability of United States Patents, reduce the prosecution time, accelerate the disclosure of technical advances, reduce expenses of prosecution and litigation, and to secure closer compatibility with other Patent Systems.

The AEC has considerable interest in both the United States and foreign patent systems because of the patent provisions of the Atomic Energy Act of 1954, as amended, and the necessity of protection of inventions and discoveries of AEC-sponsored research and development work. We believe that legislation which would modernize and simplify the procedures will be beneficial, not only to AEC and the Government but to industry and the public at large.

The implementing provisions of the present bill to simplify the filing procedures, to provide for early publication, to eliminate the complexities of the present interference practice and to prescribe for the cancellation of claims and patents for fraud or after final judicial determination are favored in principle.

Several sections of the bill are of particular interest to AEC, either because of the relation of such provisions to specific sections of the Atomic Energy Act of 1954, or because of their effect on the AEC as a Government Agency. For example, Section 152 of the Atomic Energy Act (42 USC 2182) provides for review by the United States Patent Office Board of Patent Interferences of a Commission determination that an invention was made or conceived in the course of or under a Commission contract. The bill, Section 7(b)(3), accords to the Board of Appeals of the Patent Office the authority to act as a Board of Patent Interferences when performing duties described by Public Law 593, 82nd Congress, and other Acts of The Congress. This provision would presumably include the review provided under Section 152 of the Atomic Energy Act of 1954. The AEC has no objection to the transfer of the review functions to the Board of Appeals, but it should be made clear that there is no question as to the authority being vested in the Board of Appeals, particularly since it would be necessary for the Board to prescribe new rules governing the procedures in such cases.

The provisions of Section 111(c) for the filing of preliminary patent applications may present a question for the Commission of whether the "preliminary" application therein would constitute compliance with Section 151(c) of the Atomic Energy Act of 1954, as amended. Section 151(c) [42 USC 2181-(c)] is a unique provision applicable only to atomic energy inventions, and provides that an inventor must report his invention to the Commission unless such invention is described in an "application for a patent" filed with the Commissioner of Patents. The patent statute that was in existence at the time of the passage of the Atomic Energy Act of 1954 in 1954 provides only for the filing of a complete application and not for a "preliminary application".

Under the present patent statutes, there is a "one year grace period" for the filing of a patent application after publication. The elimination of the "grace period" in S. 1042 will work a particular hardship on AEC and other Government Agencies and Departments that promptly publish the results of research and development. At present it is even difficult to examine Research Reports and assure the filing of patent applications on those where foreign patents are to be applied for, and it would be increasingly difficult, not only to review the Reports, but to file United States Patent Applications prior to publication. The U.S. Atomic Energy Commission, therefore, strongly recommends the inclusion of a personal grace period in order to permit United States inventions to be promptly published and at the same time permit the subsequent filing of United States Patent Applications. We therefore recommend the adoption of Senator Long's Amendment No. 182 of May 3, 1967, to Section 105 of S. 1042 that provides for such a personal grace period.

The secrecy provisions of Chapter 17 of the bill in Section 184(b) provide that the term "application" when used in connection with this chapter means a "complete application" so that the foreign filing privilege, without petition, is deferred until six (6) months after the filing of the "complete" specification. In our opinion, it will be necessary to review the preliminary patent applications and impose Secrecy Orders thereon, as well as subsequently to review the complete patent applications to assure that security is not compromised. Without assurance that preliminary patent applications are reviewed and Secrecy Orders imposed thereon in appropriate cases, it is questioned whether a Contractor or the Government, knowing that the subject matter is classified, would be in position to file a preliminary patent application and secure the benefits that are to accrue from the filing of a preliminary patent application.

The Bureau of the Budget has advised that there is no objection to the presentation of this proposed report and that the enactment of S. 1042 would be in accord with the President's Program.

Sincerely yours,

R. E. HOLLINGSWORTH,
General Manager.

AUTOMOBILE MANUFACTURERS ASSOCIATION, INC.,
Washington, D.C., October 13, 1967.

HON. JOHN L. McCLELLAN,
Chairman, Senate Judiciary Subcommittee on Patents, Trademarks and Copyrights, United States Senate, Washington, D.C.

DEAR SENATOR McCLELLAN: The Automobile Manufacturers Association, Inc. offers for the consideration of the Subcommittee on Patents, Trademarks and Copyrights the accompanying Statement relative to the Patent Reform Act S. 1042 and requests that it be incorporated in the record of the public hearings.

Sincerely yours,

THOMAS C. MANX.

STATEMENT OF AUTOMOBILE MANUFACTURERS ASSOCIATION, INC., ON PATENT REFORM ACT S. 1042 AND H.R. 5924 90TH CONGRESS

The Automobile Manufacturers Association, Inc. is a membership association which includes the manufacturers, both large and small, of well over 90% of all passenger automobiles, trucks and buses produced in the United States. In addition to their domestic activities, most of the members also engage in motor vehicle manufacture and sale in other countries.

The modern motor vehicle is made possible by scientific and engineering advances, especially those of the recent past. The continued ability of the industry to provide the public with advanced automobiles depends upon the application of the latest techniques relating to materials, engine design, body construction, and manufacture. Applications of these techniques, for example, are considered vital in achieving proper vehicle safety and emission control.

The members of our Association, through their own research and engineering efforts, create a great many advances in motor vehicle and other technologies. Where such advances are of patent stature, our members believe they are entitled to reasonable patent protection. At the same time, many advances in the art used by our members emanate from suppliers and other sources. Our members believe that to the extent this technology is the consequence of patentable inventions made by others, they too are entitled to patents. We further believe that it is in the long-term interest of our members, and the public in general, that all such patents be honored. Equally important, to the extent that advances in technology are the consequence of obvious step-by-step improvements, or other forms of obvious but unpatentable advances in the art, our members believe that they and the public are entitled to the use of this type of technology free from unjustified patent or other litigation.

Having regard to the above, the patent system should achieve a dual objective. First, it should identify those technical advances that are free for the use of anyone without claims or charges of violation of patent or other rights. Second, it should reasonably protect patentable inventions, whether made by our members or by others. It is believed that the United States patent laws as presently constituted and applied have resulted in a substantial achievement of these objectives.

The Patent Reform Act of 1967 (S-1042; HR-5924) would make many changes in the United States patent laws that would prejudice future attainment of these objectives. Rather than discuss these changes in detail, we will confine our present comment to the key change proposed by the bill, the change from first-to-invent to first-to-file as the criteria of patentability. (For our comments on other changes see the attached Appendix.)

The change to a first-to-file concept is central to many of the "ills" it is proposed the bill would cure. Two main points advanced in support of this change are (1) that the principle of first inventorship has led to inordinately complex, costly, and time-consuming Patent Office interference proceedings and court litigation and (2) the United States patent system should be made more compatible with the patent systems of other countries.

Our experience tells us that first-to-file is neither simple, nor clear. Over the years, we have dealt with the foreign patent laws utilizing the first-to-file concept and find in them many inequitable, illogical, litigation-promoting, and generally burdensome features. These undesirable features are considered most important in evaluation of any such proposed change. In addition, however, such a change would promote dishonesty and pirating inherent when patentability depends on who wins the race to the Patent Office rather than who is the first inventor. In short, while there is something to be said in favor of first-to-file, it is nothing like the panacea that proponents of the bill assert for it.

We submit that the resolution of the present controversy on first-to-file vs. first-to-invent lies in a balanced assessment of the pros and cons, while always bearing in mind that unless the case for change is very strong it would be better to stay with the system that we have. Applying this analysis, we have two particular observations.

First, we question the implicit assumption of the bill supporters that there is no intermediate choice between the traditional interference practice as we know it today and no interferences at all. Admittedly, interferences are a problem. Our members, like other business concerns, have had unhappy instances where interference proceedings have been unduly prolonged and have resulted in decisions of questionable equity. But it is a very different thing to discard entirely the idea that the patent should only go to the first inventor. Some have suggested as an intermediate arrangement—that the Patent Office should issue the patent to the first applicant to file, and then permit other applications affirmatively to provoke an interference. Such an arrangement, especially if coupled with rather stringent limitations on the extent an inventor may show invention prior to his filing date (e.g., by proof requirements and perhaps by limiting the time period before filing during which conception can be proven), seems to us the most practical way to ameliorate the present interference problems.

Second, the case in favor of accommodating United States patent law to the law of foreign countries has been vastly overstated and appears to have been made with a lack of experience and knowledge of the foreign patent laws. The fact is that each patent system has its own idiosyncrasies, many of which are far more troublesome than the United States principle of first inventorship.

For example, the patent system of Great Britain rests on the concept that prior art outside the United Kingdom is immaterial, a principle that leads to instances of what we believe to be gross injustice. In Great Britain, contrary to what might seem consistent with first-to-file, a second-to-file inventor may get a patent on what the first-to-file does not claim. The patent system of Germany rests on the "central" claim definition theory. Such claims fail precisely to identify what is within and what is without the patent protection. This, too, has undesirable aspects in compelling manufacturers to abstain from some activities arguably within the scope of a patent, even though an accurate definition of the patentable invention would exclude those activities. In France, there is no patent examination at all. This has led to unjustified patent issuance and, in some instances, to unjustified and undesirable patent enforcement.

For these reasons, we consider that the various foreign patent systems (that supposedly justify a change to first-to-file) are themselves quite deficient and provide little, if any, model as to what our patent system ought to be. Furthermore, we doubt that United States abandonment of the first inventor requirement would in fact significantly bring about world patent uniformity.

We are mindful of the faults of the United States patent system. Our members on too many occasions find it necessary to defend court proceedings brought on patents that never should have been issued, or involving patent claims of

an ambiguous and indefinite character that serve only as an invitation to controversy. But we do not find in first-to-file or any other principle of the bill any satisfying resolution of these problems. Indeed, in many respects we believe that the problems may be increased for example, by the need for hasty patent application filing. The resolution of the problems that now beset the patent system, we submit, lies in more effective administration within the framework of the law we now have.

It has been said that the Patent Reform Act of 1967 will :

- (1) raise the quality and reliability of U.S. patents ;
- (2) reduce the time and expense of obtaining and protecting a patent ; and
- (3) speed public disclosure of scientific and technological information.

We seriously doubt that a case has really been made that the proposals will achieve these goals. The quality and reliability of U.S. patents depends primarily on the extent patents, in advance, can be said to meet statutory requirements such as the disclosure requirement (35 USC 112) and the nonobviousness requirement (35 USC 103). Much of our difficulty with the present patent law stems from these two aspects of the law. The bill makes no change in either aspect of the law.

The time and expense of obtaining and protecting a patent depend primarily on the expense of preparing and prosecuting the patent, and the expense of court proceedings. Much of this difficulty results from the inability of the Patent Office to uncover pertinent prior art and a lower standard of patentability in the Patent Office than in the courts. Interferences, while often costly and time-consuming, involve a relatively small proportion of the patent applications filed.

As to speeding public disclosure of scientific and technological information, we believe that it is entirely speculative whether the bill will really accomplish this. In any event, the provisions of the bill in this regard have no relation at all to first-to-file vs. first-to-invent. The prior art provisions of Section 102 of the bill, with some additions, can be adopted without going to a first-to-file concept.

We have one final comment. During the course of hearings before your subcommittee, as well as in writings in the professional and public press, statements have been made to the effect that the bill, if passed, would benefit large companies to the detriment of the individual inventor. Our members, do not believe that passage of the bill will have any such effect. Indeed, we believe that the bill, if passed, would be equally disadvantageous to large companies as well as the individual inventor. It would compel the filing of many more patent applications with the expenditure of additional money on a necessarily unproductive activity and, would markedly increase the instances requiring defense against the unjustified assertion of patents rights. Passage of the bill would create a prolonged period of new legal development before the principles of law would be settled.

While we have confined most of our comments to one key change by way of example, it is important to point out that the Patent Reform Act of 1967 as a whole involves sweeping changes in the patent laws of the United States. These changes would have the effect of destroying many of the guidelines now set forth in a huge body of case law. To alter the basic structure of any patent system such as ours which has achieved tremendous public benefit would result in a chaotic condition for many years before new guidelines could be developed by the courts. It is our view that the only sound approach is to proceed on an evolutionary basis rather than the drastic sweeping manner proposed.

We commend your efforts to strengthen the patent law. There is a general recognition of the difficulties in achieving perfection. Honest differences of opinion as to patentability do arise. Often persons with financial interests delude themselves into a belief that what is not invention, really is invention. As a matter of policy, therefore, it is necessary either to have no patent system at all, or to accept some amount of conflict and litigation with respect to the enforcement of patent rights.

It is difficult to achieve a perfect patent system. The real issue is which of many systems having varying degrees of imperfection is to be used. We believe that careful and thoughtful consideration of all aspects of the matter, such as your committee is devoting, is the only sound way to assure that we continue to have the best and the most appropriate patent system for the United States.

In the light of the serious questions of substantial detriment if the bill were passed, and the basic changes in the United States patent system which the bill would make, we believe that the case against the bill outweighs the case in favor.

APPENDIX

FURTHER COMMENT ON S. 1042; H.R. 5924

35 USC 41—Fees.—Major Patent Office fees should continue to be set by Congress, but if the Commissioner of Patents is to be authorized to set fees for Patent Office services Congress should set broad guidelines therefor, and the fees should be apportioned in accordance with the cost of providing the service, as was recommended by the President's Commission (XXVII-2).

We believe further that the public should continue to pay a substantial portion of the total Patent Office expenses because the public is the ultimate beneficiary.

35 USC 137—Burden of Persuasion.—We believe that this principle stated as a statute is likely to result in less effective Patent Office examination; and, therefore, we oppose enactment of this section.

35 USC 147 and 28 USC 1295—Court of Customs and Patent Appeals.—The CCPA, having been an appellate court for many years, has valuable experience and a large body of excellent precedents in patent matters. Its stature as an appellate court should be increased, but the proposed act would, on the contrary, diminish the influence of the court on the patent examining process.

35 USC 191 thru 194—Deferred Examination.—We doubt that this system, if applied, would have anything like the benefits supporters urge for it and we oppose its inclusion as a part of the 1967 Patent Reform Bill.

35 USC 257—Revocation of Patents.—This section would give the Patent Office large additional responsibilities, and hence, would greatly increase the cost of Patent Office operation without establishing a procedure that would give a final adjudication right. The present system of determining validity in an inter partes proceeding in the Federal courts is by far a better system for determining the validity of patents.

35 USC 271(b)—Infringement of Process Patents by Imported Products.—We question the propriety of the limitation included in the last twelve words of this provision, but otherwise we support it.

35 USC 273—Interim Liability for Infringement.—As drafted, this section could extend the effective patent term to include the patent pending period, which we oppose because of the legal and business uncertainties it would create.

28 USC 757—Civil Commissioners for Patent Cases.—We oppose this section because patent cases should not be subject to a special procedure on discovery not applicable to other cases generally, and the current problems of pretrial procedures and discovery can best be solved by appointment of an adequate number of judges.

FALLS CHURCH, VA., May 19, 1967.

HON. JOHN L. MCCLELLAN,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MCCLELLAN: The patent system has probably done much to encourage the growth of such parallel creative incentive systems as the homesteading of land and the special rights of prospectors to benefit in some proportion to the new productivity given the nation through their efforts.

The work of the Congress in establishing basic national policy concerning the development of national resources must often transcend the special interest or convenience of the particular agencies of the government which do not always have either the inclination or the authority to do more than maintain such resources, rather than encourage their fullest use for the nation.

A tariff agency may concern itself with the effect of the tariff in incubating an infant industry and the Patent Office may be concerned mainly with the legal background and the task of offering the legal incubator for a nascent invention. But it is mainly in the Congress that the policy analogies between these are likely to be brought into focus.

The enclosed statement is offered to suggest areas in which the study of historic policies concerned with the creative incentive may clarify the relationships among the patent system and other parallel systems which have made it possible for the man of talent to find his most productive level of effort within the national economy, while his counterparts in countries with less adequate legal rungs for such efforts have felt bound to emigrate or resort to violence.

Sincerely yours,

ROBERT L. BIRCH.

POLICY ANALOGIES RELATING TO THE BACKGROUND OF THE PATENT LAWS

Policy analogies from the homesteading of land and the rights of prospectors can be of value in the planning of patent legislation. If the other parts of the American system of creative incentives are kept in mind during consideration of the patent bills, general solutions to problem areas common to the various kinds of creative incentive legislation may be found, where otherwise there might be a temptation to adopt, with respect to patents, a pattern of procedures contrary to that adopted in some other field, even though hindsight may later bring out that consistent policies would have been both practical and beneficial.

The homesteading of ideas, through the patent system, has been a valuable means of incubating inventions and permitting the grubstaking of the innovator so that he can produce and market equipment which may not only be the basis of a new business, but be the means whereby other businesses are made productive, by the use of the more efficient equipment. If the patent thus does, for the particular invention, what a protective tariff might do for an infant industry, special attention is justified to those parts of the patent law which assure the patentee undisturbed possession and control of his rights. Failure in this regard might leave the patentee somewhat in the condition of the settlers in the Appalachian region, which was settled largely before the lessons implemented in the homestead act had been learned. The fear that someone more skilled with tongue and pen than with ax and plow might assert ancestral rights in newly cleared land must often have made the settler afraid to develop his property to the point where it might excite the interest of the nominal owner. With the signing of the homestead law in 1862, and with the assurance of clear and permanent title, the settlers further to the West were often granted a firmer incentive to invest energy and capital in making the prairies productive.

If this principle of the clear and unambiguous title was of importance in making the American West more productive than similar open lands in other parts of the world, it would seem worthwhile to review its value to the pioneering inventor and innovator who, with clear and well-attested rights, can secure backing in his effort to work in the technological gaps into which older corporations are hesitant to move. The older, more stable corporation, which engages in routine production, or in improvement within its chosen field, may find it difficult to enter new fields for much the same reason that a government cannot usually exploit a new technology except under emergency conditions: the older corporation usually has no "incubator" group which is well enough entrenched to innovate and at the same time willing to accept the changes in the balance of power within the company which are likely to result from any fundamentally successful innovation.

Special consideration should be given to those aspects of the patent legislation which assure the pioneering individual or company unambiguous title and full legal protection during the incubation of new products, however marginal they may seem to others, so that American productivity can grow from the new beginning which might otherwise have been choked out, and American equipment and supplies made available by newly-developed processes, can compete in foreign markets and can prevent the pre-emption of American domestic markets by imported equipment which, even if inferior, might have saturated a given market before the American-produced equipment is available.

The responsibility of Congress with regard to the interest of the entire nation seems especially relevant to situations where policies adopted by particular agencies of the government, based on considerations limited to specific responsibilities, might lead to inconsistent policies or to the need for remedial legislation, such as the imposition of a protective tariff, where timely concern with the general incentives to productivity might well have left the American producers free to maintain their competitive standing without the need for the artificial barriers of the protective tariff, and without the retaliation and bitterness often occasioned, especially where one product is put in a favored position, with respect to the domestic market, while another is denied such protection.

If the patent law is strengthened with regard to this distinctness or enforceability of the rights of pioneering companies and inventors, the need for emergency legislation strengthening the position of trade secrets will be that much lessened.

If the homesteading of ideas through the patent system is granted the same sort of encouragement as was given the settler and the prospector, the produc-

tivity of American industry can tap ever-renewed sources of ingenious adaptation and of incentive to build within the American system rather than neglect or destroy it, for lack of the hope of the chance to change ourselves and our circumstances within the Constitutional framework which has so long protected American life, property, and incentive.

U.S. SENATE,
Washington, D.C., June 20, 1967.

HON. JOHN L. McCLELLAN,
Chairman, Subcommittee on Patents, Trademarks, and Copyrights, Senate Judiciary Committee, Old Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Enclosed is a copy of a letter I have received from Mr. James E. Bryan, Director of the Public Library of Newark, New Jersey, concerning S. 1042.

It is Mr. Bryan's hope that his letter may be included in the record in order that it may be considered by your Subcommittee.

Sincerely,

CLIFFORD P. CASE,
U.S. Senator.

THE PUBLIC LIBRARY OF NEWARK, NEW JERSEY,
Newark, N.J., June 16, 1967.

HON. CLIFFORD P. CASE,
*Senate Office Building,
Washington, D.C.*

DEAR SENATOR CASE: In connection with S. 1042, which is a bill for the general revision of the patent laws, Title 35 of the U.S. Code, it would be my hope that the distribution of the patents to those depository libraries now receiving them remain approximately the same. As you may know, this Library is the only public library in the State of New Jersey now receiving patents on a regular basis and making them available for use by all persons. We also mail photocopies of all or parts of patents to a number of individuals and firms in the State on their request.

As you may also know, the present statute now permits distribution to designated public libraries for the special price of \$50. per year. While this Library does not object to a modest price for this service, it would be our hope that the cost would not increase materially as the result of this new legislation. Although the need for the Federal Government to increase revenue in various areas is understood, it does not seem that this service provided by public libraries could ever sustain a substantial fee and still serve the purpose intended. The need for the dissemination of information about patents is certainly in the public interest and it is our feeling that the public interest would not be served well if the cost to public libraries were to increase substantially.

It would be our hope that you would bear this in mind in your studies of this legislation and that you may wish to advise the members of the Senate Judiciary Subcommittee and perhaps get some statement into the record indicating the importance of the dissemination of information about patents through the various public library depositories.

This institution continues to appreciate your interest and helpfulness in library matters.

Very truly yours,

JAMES E. BRYAN, *Director.*

THE CHARTERED INSTITUTE OF PATENT AGENTS,
London, May 26, 1967.

THOMAS C. BRENNAN, Esq.,
Chief Counsel, Subcommittee on Patents, Trademarks, and Copyrights, Judiciary Committee, U.S. Senate, Washington, D.C.

DEAR SIR: I thank you for your letter of the 24th inst., and have pleasure in enclosing herewith two copies of the Memorandum prepared by this Institute on the Patent Reform Act of 1967.

In a short appendix to the report reference is made and extracts quoted from two cases decided in the Patents Appeal Tribunal. To amplify these extracts I enclose in each case a copy of the full report as set out in the Reports of Patent, Design and Trade Mark Cases (1956 No. 9 and 1960 No. 9 respectively).¹

Yours faithfully,

R. L. PAYNE.

THE CHARTERED INSTITUTE OF PATENT AGENTS, LONDON

MEMORANDUM ON THE U.S. PATENT REFORM ACT OF 1967

The system

The Council of the Chartered Institute of Patent Agents has read, with the greatest interest and satisfaction, both the report of the President's Commission on the Patent system entitled "To Promote the Progress of Useful Arts" and the Bill introducing the Patent Reform Act of 1967. In particular the Council sees that it is proposed to institute a system of priority based on recorded documents with recorded dates, together with a system of preliminary applications which fits in logically with it and places the home applicant on all fours with a foreign applicant applying under the international convention.

British patent law is based on a system of this kind and in consequence the Council ventures to present various comments based on the collective experience of its members of the operation of such a system.

One of the advantages of the present United States system is that inventions which show promise but have not been fully worked out need not be the subject of a patent application for a year from first publication. With a "first-to-file" system a patent application must be filed before publication and (unless preliminary applications are introduced) all these must be examined even if a year's work proves them to be valueless. Thus the preliminary application can prove of the greatest value both to applicants and to the Patent Office. So far as the Patent Office is concerned, it need take no cognisance of a preliminary application except to give it a filing number and date, and British experience is that a considerable proportion of preliminary applications is never prosecuted further with the result that these need never be considered at all by the Patent Office. In this connection the following figures are of interest: in 1964 22,816 provisional (or preliminary) applications were filed and these were followed in the next year by only 12,413 complete specifications filed after provisionals. Since most complete specifications are filed about one year after the provisionals, this means that very nearly one-half of all the applications it was thought fit with provisional specifications to make were not prosecuted further and the Patent Office was saved from examining over 10,000 applications, that is to say about 20% of all that were filed in 1964.

From the point of view of the applicant we find it impossible to improve on the felicitous language with which the advantages are explained in Recommendation II of the President's Commission. The experience of the Council is that maximum use will be made of the system and accordingly the maximum advantages obtained if, but only if, the fee payable on the preliminary application is small; if in practice the detail required in the specification of the preliminary application to support any given claim in the complete specification is minimal; and if (though this is contrary to Recommendation XVIII of the President's Commission) the term of the patent does not begin until the filing of the complete application.

The Council is by no means certain that the desirable features of the proposed system will in fact be achieved by the wording of the Bill. The Council is particularly concerned with the terms of Section 120 (a) (2) where a requirement for obtaining an effective filing date of a preliminary application is stated to be that:—"the invention sought to be patented, *including every feature recited in the claims therefor, is disclosed in the preliminary application so as to enable any person skilled in the art to which it pertains or with which it is most nearly connected to make and use the same*,". With the abandonment of interference proceedings it seems clearly desirable that the content of a preliminary application need be no more than that required to establish the date of conception of the invention. In fact in the past U.S. home applicants have been at a consider-

¹ The reports referred to will be found in the committee files.

able disadvantage in having no machinery for claiming their date of conception for foreign applications but instead in having to rest content with their date of constructive reduction to practice. In many other countries the complete specification, which is in fact the only specification on the basis of which a patent is granted, often contains only the most rudimentary disclosure of the manner of putting the invention into practice. None the less, such a specification is accepted as a basis for priority in every one of the sixty or more countries of the Paris Convention.

The reason why the Council is afraid that the Bill in its present wording may fail to give the advantages intended is to be found in the wording of Sections 111(c), 112(a) and 120(a) 2. Section 111(c) refers to *the* written description which, in the absence of any antecedent, may be taken to be the written description of Section 112(a) with "such full, clear, concise and exact terms as to enable any person skilled in the art to which it pertains or with which it is most nearly connected to make and use the same". The last part of this quotation is (apart from punctuation) identical with part of Section 120(a) (2), which is concerned with the benefit that a complete application is to obtain from a preliminary application. This use of parallel language may well lead to the interpretation that a preliminary application will not form an effective basis for a claim unless it is as full in its disclosure as the subsequent complete application. When one adds to this the use in Section 120(a) (2) of the words quoted above, namely "including every feature recited in the claims therefor" it is clear that there must be a risk of these words being construed very narrowly indeed so as to deprive an applicant of the advantages obviously intended to be given to him.

In considering the phrase "effective filing date" in respect of the subject matter of individual claims there is a point which has given a great deal of trouble in the United Kingdom and which might well be considered. This is the use of the word "invention" in several different senses. In fact in Section 100(f) the term "invention" is not used but it is used in such Sections as 120(a) (2). It is suggested that the right approach is to consider not "the invention" but (where appropriate) the subject matter of any given claim, the subject matter of all the claims taken together constituting a single invention. If, in fact, in the United Kingdom the effective filing date of any claim is not that of the provisional specification (the equivalent of the preliminary application), it is usually the case that additional inventive subject matter had been added in the same way that it is often added in a continuation-in-part. It is then very difficult to give an accurate meaning to the words "the invention" unless they mean the whole of what is described and claimed in the complete specification (or complete application). To give the words this meaning in the new United States Act is obviously to lead to difficulty in the construction of such a Section as 120.

In the British system the words used as a test for the priority date of a claim are "fairly based", that is to say if the claim is fairly based on a provisional specification it is entitled to its date. A note on the interpretation of these words appears in an Appendix.

The Council submits that a claim should be entitled to the date of the preliminary application if the subject matter of the claim is disclosed in that application. It may well be that the words of the claim are not to be found in the preliminary application, and it should be a matter to be determined on the actual facts whether or not the invention set out in the claim is in fact disclosed. To take a simple example, the preliminary application might mention that something was driven by an electric motor, and the claim might require a prime mover. If it was obvious that the nature of the drive was immaterial so far as the real invention was concerned, then clearly the date of the claim should be that of the preliminary application. Again, as a chemical example, a claim calling for an alkali metal compound should have the date of a preliminary application which disclosed only the sodium compound if it was clear, on consideration of the complete application, that potassium was the exact equivalent of sodium in the invention. If, however, on any given set of facts it became clear that the use of a broader phrase made the claim cover a further and later invention, then the claim should not be entitled to the date of the preliminary application. It could of course be followed by a narrower claim restricted to the particular disclosure and entitled to the original date.

The Council is well aware that examiners in the U.S. Patent Office commonly refuse generic claims in the absence of a very full disclosure, particularly in chemical cases. It is submitted that the Act should be drawn in such terms

as to ensure that the disclosure required if the effective filing date of a claim is to be that of a preliminary application need not be the same, or in any way as full, as that required to ensure the allowance of the claim in the complete application. This point is illustrated in very simple form by the example of alkali metal compounds given above. In other words, what is required is the equivalent of the date of conception.

Next there is the question of the sufficiency of the description in a preliminary application. It is clear that the intention is that such an application can be wholly informal, and the Council stresses from experience that this is highly desirable. It suggests that the information content of a preliminary application need be no greater than that at present required for a date of conception.

The Council gives an example of an imaginary invention in an imaginary art to indicate the type of description which might be allowed to satisfy the minimum requirements of a preliminary application, as follows:

Specification.—The croggle-box of the airotron injector of a spaniform mechanism is provided with a manometer gauge mechanically connected to a valve in the compressed air input line, so that the pressure in the croggle-box directly controls the valve setting, and an increase in pressure above the safety limit cuts off the valve entirely.

This description would be inadequate for a complete application, but might well be sufficient for a preliminary application if any claim contains no further matter than is given in the above description. It is not suggested that in practice, an applicant would be well-advised to file such a brief description but it is suggested that provision should be made to give considerable latitude for informal disclosures.

In this example it is assumed that no drawing is filed, and it is submitted that none need be in any simple case (such as the imaginary croggle-box) in which a man skilled in the art could at once understand the invention from the written description alone.

It is further submitted that a drawing, if filed, need not be formal in any way and, even without written description of it, should be taken into account when the effective filing date of a claim was determined. Otherwise in a complex case the time required to make drawings of the kind required in a complete application might well prevent the "instant" disclosure referred to in Recommendation II of the Report of the President's Commission.

A very important aspect of the preliminary and complete filing system is the possibility of including in the complete application matter additional to that in the preliminary application. The Council observes with much regret that no provision is made for the filing of a second preliminary application which would be united with the first by a single complete application. When an invention is developed soon after the filing of a first preliminary application and before the need to file a complete application, a second preliminary application is highly desirable to give a date for the additional matter. Going back to the imaginary example given above, suppose that after another two months the inventor makes a modification of his invention. It is suggested that he should be allowed to file another preliminary application:

Specification.—The invention of my preliminary application No. 123456 is modified by dispensing with the manometer gauge. Instead a fluid line connects the interior of the croggle-box to the control compartment of a fluid-actuated diaphragm type control valve in the compressed air input line.

By allowing the filing of a second preliminary application, the single complete application filed on both preliminary applications could include both modifications of the invention and include any further modifications thought out during the intervening period. It is true of course that much the same effect could be attained by filing a complete application at the time of the second preliminary application, this being followed if necessary by a further complete application under Section 120(b), but it is believed that the suggestion would be cheaper to the applicant and would entail easier examination procedure, since only one complete application need be examined; and additionally there would always be the chance that no complete application would ever be filed.

It would in fact also be desirable to go even further and allow a preliminary application to be married to a foreign filing and one complete application filed on both prior documents.

It is urged very strongly indeed that important advantages of the preliminary and complete system will be lost unless there is an opportunity for combining

together two preliminary applications by means of a single complete application. Of course this means that the effective filing dates of the claims in the complete application would not all be the same, but difference between them is clearly envisaged by Section 100(f).

The Council suggests that in any case it is desirable to redraft Section 120(a) and particularly paragraph (2), which suggests (contrary to Section 100(f)) that all the claims must have all their features in the preliminary application if priority is to be accorded. Each claim should be entitled to its own effective filing date, whether this effective filing date be that of the preliminary application (or one of them if the Council's suggestion is adopted), a foreign filing, or the specification filed with the complete application. This too accords with Recommendation II of the President's Commission and puts the home applicant on an equal footing with overseas applicants, who under Article 4F of the International Convention can include claims in a single U.S. application for matter disclosed in two or more foreign applications and can have further claims for matter disclosed for the first time on filing in the U.S.A.

If it is a necessary corollary of Section 120(a) (1) that no further inventor may be added for the complete application, this will also result in loss of a large part of the benefit of the preliminary and complete system. It is indeed necessary that the applicant in the preliminary and complete applications must be the same. To take the example given earlier, the inventor of the original invention might be one employee of a company and the modification might be made by a second employee, both applications being made by the employer company. Indeed it seems that if effect is to be given to all that is said on page 15 of the President's Commission it must be possible to include in the complete application matter devised by a second inventor.

Deferred examination

The Council observes that it is proposed to provide for deferred examination, to be brought in optionally if circumstances so require. While it is true that a system of deferred examination has been in operation in the Netherlands for some little time, systems of deferred examination are at present being considered in various parts of the World, including in particular Australia and Germany. Difficult questions, such as the right, if any, to be given by a published but unexamined claim arise, and it is strongly urged that so far as possible the Bill should leave the greatest possible room for maneuver so that, if it should prove unavoidable to introduce some such system, the details may be modified in accordance with requirements without necessitating a further Statute. For example, the Bill provides that the application will lapse if examination is not applied for within five years. In the Council's view if the specification has remained in a nebulous state for five years—sometimes the most important five years—and neither the applicant nor a third party has applied for examination the situation might as well remain for the rest of the life of the Patent. This view might well gain official support if it should transpire that at the end of five years examiners found themselves faced with the harvest of delay and very little relief from the deferred examination system.

In fact the Council very much trusts that deferred examination will not be introduced. While it may have certain advantages, these appear to be outweighed by the disadvantages.

Other matters

Section 102

The Council is pleased to see that prior art is confined to information in tangible form, although the Strasbourg Convention on the unification of certain points of substantive law on patents for inventions (of which the United Kingdom is a signatory) includes oral communications as prior art.

The Council draws attention to the effect of the reference in Section 102(b) to a published United States application. It appears that that application may never proceed to issue, and yet all that is in it is to be a bar to a patent on a later application. The effect thus is that by filing but not prosecuting an application an applicant can ensure that the subject matter of it is effectively published as of the date of filing without disclosing that subject matter at that date. This appears to be open to possible abuse.

Section 103

While recognising that Section 103 is no more than reenactment of existing law, the Council wishes to take this opportunity of drawing attention to one aspect

of the existing law which inventors regularly find extremely unfair. This is the custom of combining the matter disclosed in an application unpublished at the date of filing of a subsequent application, but later maturing into a patent, with one or more other documents to deprive the subject matter of the later application of patentability. The Council is not contesting the principle that an invention should be patentable over an issued patent of prior date, but in its experience no inventor can see how it can be fair to destroy his invention by combining unpublished matter with other matter.

Section 105

In the view of the Council, the provisions of Section 105(a) by which the six-months period runs backwards from the filing of a *complete* application deprives the section of most of its benefit. The applicant may not learn of the unauthorised disclosure until later and in the meantime he may choose shortly afterwards to file a preliminary application so that the complete application will not be filed within the six-month period. The Council thinks the six-month period should be six months before the effective filing date of the application. Although Section 113 embodies the present law the Council suggests that the word "admits" should be changed to "requires". In this connection the Council draws attention to the fact that the United States requirements with regard to drawings are unique, first in involving waste of effort in preparing unnecessary drawings which add nothing whatsoever to the disclosure, and second in requiring that every feature of the claim shall be illustrated in a drawing. To the extent that the ultimate object is to harmonise patent practice throughout the World, the Council believes strongly that this is a case in which United States practice should be relaxed to come more into agreement with that of all other countries.

Section 115

Section 115 demands the filing of an oath of inventorship. Section 25 allows the Commissioner to accept a declaration in place of such an oath. If in fact he always will, the Council has no further comment to make, but again in the ultimate interest of harmonisation it would apparently be better if the Act required no more than a declaration.

Section 115 also requires the filing of a specific assignment if the inventor is not the applicant. Although this is in accordance with the Recommendation V of the President's Commission it is extremely disappointing. The Council draws attention to various proposals now under consideration by the Committee of Experts on Patents of the Council of Europe in Strasbourg, one of which is to ensure that in no circumstances is anything more than the mere declaration by the applicant of ownership of the invention required.

Section 120

The explanatory note accompanying the Bill explains that Section 120(b) precludes the repetitive filing of continuing applications. The Council is in complete agreement that these should be precluded, but is unable to follow how the present wording of Section 120(b) effectively does this, unless the reference to publication under Section 151 should be publication under Section 123.

Section 137

The Council regrets to see Section 137 and Recommendation X of the President's Commission upon which it is based. As is correctly stated in that recommendation, the Patent Office had until recently resolved in favour of the applicant all reasonable doubts as to patentability of a claim. However the Commissioner has since instructed examiners to abandon this policy "in obedience to the views expressed by the Supreme Court". It seems that the Supreme Court case is that mentioned in recommendation XIV, i.e. *Graham v. John Deere & Co.*, but the views expressed in that case do not in fact support the Commission. As has been pointed out by Judge Rich in comments on recommendation X, the Supreme Court stated as follows in regard to the determination of obviousness or otherwise:

"Such secondary considerations as commercial success, long felt but unsolved needs, failure of others *etc.* might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented. An indicia of obviousness or non-obviousness, these enquiries may have relevancy."

With the speeding up of prosecution procedure time is too short for an applicant to be able to produce evidence of other relevant factors supporting non-obviousness. Therefore, in all fairness an applicant should have the benefit when there is a real doubt.

Section 148

The Council even more regrets to see Section 148. Questions of patentability are ultimately questions of opinion. If the examiner is of different opinion from the patent applicant the matter is settled by the Board of Appeals. It seems from Section 148 that in practice no appeal will normally lie from their determination. The Council earnestly asks for reconsideration of this matter.

Section 152

The Council suggests that consideration should be given to retaining the existing Section 152 suitably amended to provide that if an application is assigned by the initial applicant to somebody else while the application is proceeding the patent may be granted to the assignee.

Section 154

In the explanatory memorandum on Section 154 reference is made to a treaty which prevents the term of the patent from being measured from a foreign priority date. Presumably this treaty is the Paris Convention and in particular Article 4 *bis* (5). In order to comply with this Article of the Convention the United Kingdom had to amend its own law in 1938. The course it chose was different from that chosen in the present Bill. It made the term run from the filing of the complete specification (or application), and this has been found to be a very satisfactory solution. It has the particular advantage of encouraging United Kingdom applicants to file a provisional specification initially and a complete specification later, because the later they complete the longer is the effective term. Section 154 seems to deprive United States inventors of a possible year of the term of the patent quite unnecessarily.

Section 184

The Council regrets to see the provisions of Section 184. First, this section as it stands, may give rise to a flood of applications for special licences to file abroad. If substantial advantage is taken of the preliminary application procedure the normal pattern will be that an applicant would prepare his complete application and his foreign applications shortly before the expiry of a period of twelve months from the preliminary application. It appears that the burden of reviewing preliminary applications for security purposes would not be great since the vast majority could be dismissed out of hand. On the other hand if an invention is of interest to the authorities it would seem desirable that it should come to their notice as soon as possible. In the United Kingdom the period within which foreign applications may not be filed without special permission is six weeks from the filing of the provisional specification, if any.

Second, although these provisions appear in the existing laws of the United States and the United Kingdom, they are out of place in the patent laws. If anybody really wishes to transmit a secret to a foreign power, he will do so.

Third, the existing United States law has what appears to Council to be absurd, effects, and it seems undesirable to re-enact it. Specifically United States applicants for patents in Great Britain are often asked for additional information of an entirely minor character, and their patent agents in the United Kingdom are told that no additional information other than that contained in the original application can be given without a license. This handicaps United States inventors in obtaining patents in the United Kingdom and elsewhere.

Section 271

The reference in Section 271(b) to patent protection for the process not being "available" in the other country is not warranted by Recommendation XXI of the President's Commission, and must apparently lead to a great deal of difficulty. Once the principle that there is infringement of a process patent by importation of the product made by the process is conceded, there appears to be no reason why it should not be of general application, and the Council suggests that the proviso in this sub-section should be deleted.

May, 1967.

APPENDIX

There have been very few judgments on the subject of the words "fairly based", but in the first reported case (*Mond Nickel's Application* [1956] RPC 189), although it was made clear that the judgment was not intended to provide any final definition, a three-fold test was said to be appropriate, namely:—

"(1) Is the invention claimed broadly described in the provisional? (2) Is there anything in the provisional which is inconsistent with the invention as claimed? (3) Does the claim include as a characteristic of the invention a feature not mentioned in the provisional?"

In the *Mond Nickel* case the opposed claim contained a numerical limitation the counterpart of which in the provisional specification was "a particularly low level". Evidence that to the expert reader these words meant the same thing as the figure in the claim was accepted.

A subsequent judgment by the same Judge in *I.C.I.'s Application* ([1960] RPC 223) included the following passage in explanation of the *Mond Nickel* judgment:—

"The word 'broadly', it should be noted, was used in respect of the description and carried the meaning of 'in a general sense', such as would be exemplified by a statement in the provisional that reaction products were dissolved in hot water, where the complete specification introduced a specific temperature range."

THE CHICAGO BAR ASSOCIATION,
Chicago, Ill., May 26, 1967.

HON. JAMES O. EASTLAND,
Chairman, Senate Judiciary Committee,
New Senate Office Building, Washington, D.C.

DEAR SENATOR EASTLAND: The Board of Managers of The Chicago Bar Association considered and approved the enclosed report of the Committee on Patents, Trademarks and Trade Practices of this Association.

The Board has directed that I forward this report on to you for consideration by members of your committee in its deliberations on the proposed Senate Bill 1042.

Yours very truly,

JACQUES G. FULLER,
Executive Director.

LAW OFFICES, LUCAS & COFFEE,
Chicago, Ill., April 26, 1967.

Re report on Senate bill S. 1042, Committee on Patents, Trademarks and Trade Practices.

MR. JACQUES G. FULLER,
Executive Director, Chicago Bar Association,
Chicago, Ill.

DEAR JACK: Enclosed are three copies of a report which was approved by our committee on Tuesday, April 25, 1967. We ask that this report be considered by the Board of Managers at the earliest possible date.

S. 1042 is a complete revision of Title 35, United States Code and, therefore, is of vital interest to our committee. The Patent Section of the American Bar Association is meeting April 27-29th in order to prepare a final report on this Bill for the May 15th meeting of the American Bar Association's Board of Governors at Washington. Hearings on the Bill start on May 17th and it is hoped that the American Bar Association will be able to take a formal position and be represented at the hearings. We are hopeful that the Chicago Bar Association will also be in a position to present its views to Congress prior to the hearings on the Bill. In this respect, we have reason to believe that the Patent Section of the American Bar Association will ultimately present views very similar to those incorporated in the enclosed report.

Your assistance in expediting this matter will be greatly appreciated.

Sincerely,

JAMES F. COFFEE, Chairman.

REPORT ON SENATE BILL S. 1042, COMMITTEE ON PATENTS, TRADEMARKS, AND
TRADE PRACTICES, CHICAGO BAR ASSOCIATION

Senate Bill S. 1042 (and its identical companion Bill H.R. 5924) is referred to as the Patent Reform Act of 1967. This Bill is a complete revision of the Patent Laws, Title 35 U.S. Code and related statutes.

SUMMARY OF THE COMMITTEE'S OPINION OF S. 1042

While the Committee is in full accord with the desirable objects or purposes set forth by President Johnson and referred to below, the Committee is of the opinion that S. 1042, if enacted, would not achieve such objectives. Further, it is the Committee's opinion that S. 1042 (1) includes provisions which would defeat the President's stated objectives, and (2) eliminates current statutory provisions which are beneficial to both the public and inventors. Therefore, we recommend that S. 1042 and H.R. 5924 be defeated.

BACKGROUND

In July of 1965 President Johnson appointed a commission to study the patent system and the patent laws. The commission tendered a lengthy report to the President in December of 1966, whereupon President Johnson directed the Commerce Department, the Justice Department, and his science adviser to consider the report and, if necessary, to develop legislative proposals to carry out its objectives. The Patent Reform Act of 1967 is the result of such action. President Johnson transmitted the Patent Reform Act of 1967 to Congress on February 21, 1967 with an accompanying letter, wherein he stated that the purposes of the act are "(1) To Raise the quality and reliability of U.S. Patents. (2) To reduce the time and expense of obtaining and protecting a patent. (3) To speed public disclosure of scientific and technological information." (House Document No. 59—90th Congress, 1st Session)

SPECIFIC OBJECTIONS TO S. 1042

I. Removal of the one year grace period and elimination of interference practices.—Currently an inventor has a one year period after publication or public use of his invention in which to file a patent application. Further, the present law provides for an interference proceeding in the Patent Office in the event two or more inventors claim the same invention, in order to resolve the question as to whom the patent should be issued. S. 1042 removes both of these provisions. S. 1042 provides that any publication or public use of an invention prior to the filing of an application is a bar to the issuance of a valid patent, and further provides that a patent be issued to the first applicant to file in the event multiple parties claim the same invention.

The elimination of the one year grace period would revert to the situation which existed under the Patent Act of 1836, and which was remedied in 1839 by establishing a two-year period, subsequently changed to a one-year period in 1940. We believe that the one year grace period is a valuable asset of our patent system, particularly with respect to the small company and the individual inventor. By requiring that a patent application be filed before any publication or public use, we will summarily deprive many persons of patent protection who will zealously carry an invention from concept to marketing before becoming aware of their loss of patent rights. In this respect, it is important to remember that an offer for sale is as much a publication as an actual sale. Further, an inventor will no longer have the opportunity of a grace period, wherein he can determine whether the public reaction to his product is sufficiently great to warrant the expense of filing a patent application. The elimination of the grace period will also mean a delay between the completion of a product ready for market and the actual introduction to the market, the delay, in some cases, being necessary to prepare an application disclosing the finished product. Then too, it is particularly true that methods of manufacture or processes are frequently subject to change even after actual production has begun. We feel that the inventor should have an opportunity to experience some commercial production with his novel process and have the opportunity of making any changes that might be required in the process, before he is required to file an application.

The elimination of the interference practice with the issuance of a patent to the first inventor to file is allegedly for the purpose of eliminating a burden on the Patent Office. Under the present practice there is an inter-partes proceeding in the Patent Office to determine the first inventor. With the proposed course of action, the matter of original and first inventor would, in effect, be left for a court's decision in a subsequent patent infringement suit or a declaratory judgement action. In order to "raise the quality and reliability of U.S. Patents", as requested by President Johnson, we feel that the matter of first inventorship should be determined *before* the patent is issued. As to the burden on the Patent Office, we refer to statistics on Interferences given in the Annual Report of the Commissioner of Patents (1964), March 1965 Journal of the Patent Office Society, Page 169. At the end of fiscal year 1964, 2810 interferences were pending in the Patent Office out of a total number of 211,565 pending patent applications. We feel that the small percentage of patent interferences necessarily handled in the Patent Office does not constitute an unreasonable burden on the patent system, and that the elimination of interference proceedings will only result in the issuance of a greater number of patents of doubtful validity. Moreover, we feel strongly that equity requires issuance of a patent to the *first inventor*, as presently required by law. The elimination of the grace period before filing and the elimination of interference practice rewards the *first to file* a patent application, irrespective of who was actually the first and original inventor. It is believed that there are sufficient safeguards at present to encourage early disclosure of an invention through the filing of a patent application, and we should not institute a "race to the Patent Office" system as a substitute for the more equitable procedure of interference practice.

II. *Publication of patent applications.*—S. 1042 includes provisions relating to the publication of pending patent applications, in order that the general public will have the opportunity of providing additional prior art for the Examiner's consideration prior to the issuance of any patent. Section 123 of the Bill would require such publication not less than 18 months and not more than 24 months after filing a preliminary application. For all practical purposes this would be a period of from 6 months to 12 months after filing a complete application with claims. There is no obligation on the part of the Patent Office to examine the application prior to publication, and under normal circumstances it is highly improbable that such published applications would have been examined for patentability. While the Committee feels that there may well be an advantage in having the general public assist the Examiner in his determination as to patentability, we feel that all of the claims should be indicated as allowed by the Examiner *before* publication of the application. In this way, the scope of the invention to be patented would be defined, and the Patent Office would then receive notice from the public only with respect to *pertinent* prior art. Further, the disclosure would be a carefully scrutinized application of some value to the public. It is also our view, that the publication before any determination as to the possible scope of the patentable invention would stimulate a flood of references from the public and further burden the patent Examiners in their attempt to determine whether a patentable invention exists in the application. While not opposing the general concept of publication of applications to afford opportunity for citation of prior art pertinent to a defined invention, we do feel that such procedure will result in a substantial increase in the burden on the Patent Examiners. Patent applications in highly competitive fields will be particularly susceptible to opposition, either for valid reasons or by way of harassment from competing interests. Considerable progress has been made with the current procedure of "compact prosecution", which eliminates many of the delays previously encountered, and it is the feeling of the Committee that the best approach to expediting patent prosecution would be to increase the Patent Examining corps and elevate the position of patent examiners so that more qualified examiners would be attracted and retained in the Patent Office.

III. *Patent Office fees.*—Section 41 of S. 1042 provides that the fees to be paid in connection with filing and examining patent applications shall be set by the Commissioner, so as to effect recovery of 65% to 75% of the costs of operation of the Patent Office. Our Committee is opposed to such provision and strongly believes that the fees should be statutory and definite.

The proposed fee system would be unique, we believe, since no other government agency has such broad powers. Further, the system presumes that the stated percentage of Patent Office activity is solely for the benefit of the inventor,

whereas we feel that the Patent system is primarily beneficial to the public and secondarily to the inventor. We believe that it is just to correlate specific fees to the actual cost of the operation performed, when such operation is *solely* for the benefit of the inventor or recipient of the services, such as the recording of an assignment. However, this should be done on a definite and statutory basis and not left to the discretion of the agency. Presently (fiscal year 1966) the Patent Office recovers 51% of its expenditures through fees, under substantially increased statutory fees which were in effect only about 8 months of fiscal 1966. The figure for 1967 should be appreciably higher. The current minimum fee for filing an application is \$65.00 and the average issue fee for a relatively short patent application is about \$120.00. With the present fee schedule, we are already approaching a situation where inventors will be discouraged from filing an application. The substantial further increase required by the Patent Reform Act can only effect a sharp decrease in disclosures to the public through the filing of patent applications. Finally, government agencies are notorious for elevating their expenditures to meet their income, and Section 41 of S. 1042 would present a real challenge in this respect. For example, untold millions could be spent annually, perhaps in vain, for research in information retrieval, which is almost entirely for the benefit of the general public, and such expenditure would be included in determining the cost of Patent Office operation.

IV. Deferred examination and Patent Advisory Council.—Section 15 provides for the appointment of an Advisory Council by the Secretary of Commerce, and Section 191 provides that a deferred examination system may be established by the Secretary of Commerce, as to part or all of the classes of patent applications filed, at any time. Presumably the Advisory Council would initially recommend the use of deferred examinations.

We are opposed to the institution of such stand-by authority and to the adoption of a deferred examination system. By permitting an applicant to retain an application pending in the Patent Office for a period of five years without examination, deferred examination would clearly defeat the stated purposes of speeding public disclosure of information on the scope of patents and of raising the quality and reliability of U.S. patents.

The deferred examination principle is relatively new, having been adopted in Holland in 1964, and a similar system is not yet used in any other country. The value of the system is so dubious that the European Economic Conference has thus far refrained from adopting the system for use in its proposed patent system for the member countries.

V. Appeal from Court of Customs and Patent Appeals.—S. 1042 would abolish the present independent status of the Court of Customs and Patent Appeals and require ultimate appeal of all Patent Office decisions to the U.S. Court of Appeals for the District of Columbia. Whereas it is presently possible to obtain a writ of certiorari from the U.S. Supreme Court with respect to C.C.P.A. decisions, this would no longer be possible under S. 1042. Whether a party chose to appeal a Patent Office decision under Section 141 (on the record to the C.C.P.A.) or under Section 145 (trial de novo in the District Court for the District of Columbia), the case would ultimately be decided by the Court of Appeals under the proposed revision of the law. We feel that the present independence of the Court of Customs and Patent Appeals should be maintained. Further, since the C.C.P.A. has greater experience and competence in patent matters than any other Federal Court, it should be maintained as a court of final determination subject only to the U.S. Supreme Court.

VI. Rule of doubt.—Section 137 of S. 1042 would resolve any doubt as to patentability of an invention *against* the inventor. We believe that the present theory of resolving any doubt in favor of the inventor should be preserved. Frequently the matter of invention, as ultimately decided by the Courts, involves subjective considerations, such as its impact in industry etc., and we can best encourage the exploitation of inventions by resolving any doubt in favor of the applicant.

VII. General comments.—It is also noteworthy that one of the avowed purposes of the Patent Reform Act of 1967 is to approach a closer harmony between the U.S. Patent System and that of other nations. As a result certain provisions of the Act are generally in accord with British patent practices, another provision is generally in accord with German patent practices, and the deferred sys-

tem is borrowed from Holland. As a matter of fact, there is no true accord among the various nations on any of the important provisions specifically referred to above, and consequently S. 1042 would result in our being in harmony with no one.

It is highly desirable that the patent systems of the world be brought into accord for sake of uniformity in procedures, but this should be done through cooperative effort of the various nations and not attempted unilaterally by the United States. Furthermore, any negotiations toward the establishment of a uniform patent system should include serious efforts on our part to preserve the main features of the U.S. Patent System which has served this nation so well.

VIII. *Conclusion.*—We believe that improvements can be made in our patent system without destroying those features which have made our system so important to America's economic growth. President Johnson, in his message to Congress regarding the Patent Reform Act of 1967 considered herein, referred to our patent system as follows:

"It has spurred the creative work if inventors and scientists. It has fostered the most far-reaching technological advances in the history of civilization. It has helped American businesses to translate 'the fire of genius' into the products and processes that have enriched the lives of all of us."

We agree with President Johnson, and we hasten to point out that very careful consideration should therefore be given to any proposal to drastically change our Patent System. In this respect, we see no real urgency for any patent reform measures, which would require an emergency action on the part of Congress. While certain changes may be desirable, improvements are being made in the Patent Office with respect to the handling of patents and any proposals for revision of the Patent System should be thoughtfully dealt with by Congress.

While this report has dealt with selected major changes in the Patent System which are inherent in S. 1042, other sections of the Bill are objected to, either in principle or form. However, we believe that the above discussion is sufficient to point out that S. 1042 and H.R. 5924 do not accomplish the stated objectives set forth by President Johnson and, therefore, should be defeated.

We request approval of this report by the Board of Managers and transmittal of a copy thereof to the U.S. Senate, Committee on the Judiciary; the House of Representatives, Committee on the Judiciary; Senator Dirksen, Senator Percy, and to each Congressman from Illinois.

LOS ANGELES, CALIF., May 15, 1967.

Hon. JOHN L. McCLELLAN,

Subcommittee on Patents, Trademarks, and Copyrights, Senate Judiciary Committee, Senate Office Building, Washington, D.C.

SIR: It is my understanding that your above-identified Subcommittee is presently holding hearings with respect to the Patent Reform Act of 1967, S. 1042. As a member of the State Bar of California, currently engaged in the practice of Patent Law, I am enclosing copies of some of my comments and recommendations with respect to this proposed legislation for consideration by your Subcommittee. A copy is provided for each member of the Subcommittee, as well as a copy for inclusion in the transcript of record of the hearing on this Bill.

In the interest of brevity, I have refrained from commenting on most of the sections of the Bill and have directed my remarks mainly to those sections which I earnestly feel would harm our patent system and, therefore, should be eliminated or modified.

Even though a particular area of legislation may not be as widely publicized or as glamorous as other areas, nevertheless it should not be taken lightly, and hasty, poorly thought-out legislation should be avoided. Therefore, I urge that before any hasty decisions are made, those people who have had experience in and are familiar with the area under consideration should be consulted and all ramifications of the proposed legislation should be ascertained.

Thank you for your time and consideration of my comments, and do not hesitate to call on me if I may be of further assistance.

Very truly yours,

PAUL M. COBLE.

COMMENTS AND RECOMMENDATIONS WITH RESPECT TO THE PATENT REFORM ACT
OF 1967

S. 1042

Section 31

Since the United States Supreme Court in *Sperry v. State of Florida*, 137 U.S.P.Q. 578 held that "the preparation and prosecution of patent applications for others constitutes the practice of law", consideration might be given to expressly incorporating into this section of the Bill a provision requiring a person to be a member of a State or Federal Bar before he is allowed to become registered by the Patent Office as being able to represent others before the Patent Office, excepting all those who already have Patent Office registration.

Section 41

Corresponding Recommendation XXVII of the President's Commission Report recommends that the Commissioner of Patent should be authorized to set fees for Patent Office services within broad guidelines established by Congress. Section 41 gives the Commissioner the power to prescribe fees without any guideline from Congress, other than the guideline to recover in the range of 65% to 75% of the cost of operation of the Patent Office. This does not appear to me to be a sufficient guideline; rather Congress should go further and establish specific ranges for the various fees. Otherwise, the Commissioner could set such exorbitantly high fees as to effectively deny a patent to a small individual inventor. Thus, as presently worded, this section may constitute an unconstitutional delegation of power by Congress contrary to Article 1, Section 8 of the Constitution.

Section 42

Corresponding Recommendation XXVII of the President's Commission Report recommends authorizing the Patent Office to establish "a revolving fund" of all its receipts to support its operation. This recommendation has not been incorporated into the Bill. However, the recommendation appears to be a sound idea for the reasons pointed out by the President's Commission, and I feel it should be incorporated into legislation.

Section 102

This section abolishes the present one year grace period within which a person can file a patent application. I am opposed to this change because it could result in the inadvertent loss of patent rights by premature publication or sale, especially by the small independent inventor who is relatively unfamiliar with patent law. In addition, abolishing the one year grace period would not necessarily accelerate public disclosure of technological advances, but rather may well achieve the opposite effect. Many scientists and engineers are eager to promptly publish their work in scientific and technological journals. Under existing law they can immediately publish their findings and retain the right to file a patent application for a year. If the one year grace period were abolished many inventors would withhold publication until after a patent application were filed, thereby delaying public disclosure of their achievements.

Section 105

This section (which excepts an inventor from loss of patent rights if a public disclosure was derived from him in violation of an obligation not to disclose and which authorizes the Commissioner to establish procedures for determining disputes under this section) appears to me to be involved, burdensome and perhaps unfair. It seems far less workable than the present one year grace rule and, in fact, seems contrary to the Bill's basic objective of reducing the time and expense of obtaining and protecting a patent. If the consensus is that the present one year grace rule should be eliminated, then Section 105 should be amended to read:

"A public disclosure of subject matter concerning an invention less than six months prior to the date of filing an application for patent shall not bar the issuance of the patent if the public disclosure was made by or derived from the inventor."

Section 111

This section expressly authorizes the use of a preliminary application in order to establish an invention date, I do not believe this is a good idea. The

use of such applications in conjunction with a first to file system would encourage the filing of incomplete applications on incomplete inventions. The examination burden on the Patent Office would be increased because examiner would be required to examine two applications instead of one for each invention on which a preliminary application were filed, and the completeness of the preliminary application would be subject to question not only throughout the prosecution of the application, but also in any litigation in which the resultant patent might eventually become involved.

Section 120

It is suggested that the language under paragraph (b) (3) "or the filing of an appeal . . . the prior application" (page 16, lines 7-11) be eliminated from the Bill because this provision imposes an undue hardship on an applicant. The adoption of Section 154(b) under which a patent expires twenty years from its filing date would minimize the number of serially filed applications and any tendency to prolonging prosecution by such activity.

Section 123

The publication of pending patent applications, especially in conjunction with affording the public the opportunity to cite relevant prior art (Section 136) is worthwhile and should prove beneficial. However, the relative time of the publication should be uniform with respect to all applications, e.g. upon allowance for all cases, or a predetermined time after filing for all cases.

Present section 135

The Bill does not include any provision for an interference when more than one party files a patent application for the same invention. I believe that some form of interference procedure is highly beneficial and should be retained. Contrary to the allegations of the President's Commission, abolishing interferences would not achieve a significant reduction in the overall application pendency time, because less than 2% of the applications become involved in interferences, and a large number of interferences are settled during the motion period. On the other hand, abolishing interference practice could result in the denial of a patent to the truly first inventor. Moreover, adopting a first to file rule would encourage the filing of hasty, poorly prepared, incomplete applications. Many of these applications would be on worthless or unworkable devices and, thus, would waste examination time and clutter up the files of the Patent Office. The Patent Office has recently introduced a new streamlined interference practice which was designed to and seems to be eliminating or at least drastically reducing the problems which have accompanied the old interference practice for a number of years. This new streamlined interference practice should be given a fair trial before it is decided to abolish interferences completely.

Section 147

Making decisions of the Court of Customs and Patent Appeals reviewable by the United States Court of Appeals for the District of Columbia will probably do considerable harm to our patent system. The Court of Customs and Patent Appeals is a specialist in the patent field and is far more willing and able to review patent matters than district or circuit courts. If anything, the Court of Customs and Patent Appeals should be placed above rather than below one or more of these courts.

Section 148

This section should be eliminated from the Bill because its retention would relegate the Court of Customs and Patent Appeals to practically a rubber stamp for the Patent Office and would place an extremely difficult burden on an applicant for patent. In recommending a provision of this nature the President's Commission Report has relied on a false premise of Patent Office expertness. Many examiners are in fact just out of college, have had little or no practical experience, are far removed from the laboratory, have had little or no legal training, and are quite limited in the time which they can devote to examining a patent application. On the other hand, men like Judge Rich of the Court of Customs and Patent Appeals have had years of experience in patent laws and have demonstrated exceptional ability in deciding difficult questions of patent law and in applying the relevant legal principles to a wide variety of highly technical fields. In any event, if the consensus is that some statutory presumption should be set forth with respect to the correctness of Patent Office decisions, Section 148 should be amended to read along the following lines:

"In all actions under Section 141 and 145 of this title, the Patent Office decisions shall be given a presumption of correctness, but this presumption shall be deemed overcome if a preponderance of the evidence indicates that the Patent Office decision is incorrect."

Sections 191-194

These sections should be eliminated from the Bill. Any deferred examination system should be either considered and debated now, or left for future consideration by Congress. It should not be left for implementation by the Secretary of Commerce if and when he see fit. The failure of the President's Commission to recommend deferred examination at the present time is indicative of the need for further consideration and analysis of the matter. If fact, experiments with deferred examination are currently being carried on in Holland and in Germany, and it would certainly appear desirable to await data from these experiments before revising our system to incorporate deferred examination.

Section 253(c)

This paragraph should be eliminated from the Bill and replaced with a paragraph making a terminal disclaimer a complete bar to double patenting. The terminal disclaimer is a useful mechanism for avoiding any possible extension of a patent monopoly where there is some question as to double patenting. Making a terminal disclaimer a bar to double patenting invalidity should not encourage the granting of more than one patent on a single inventive concept; the Patent Office should not have granted more than one patent in the first place.

Section 257

Corresponding Recommendation XV of the President's Commission Report recommends that an unsuccessful patent challenger shall be required to pay the patent owner's reasonable cost of defense, whereas this section of the Bill leaves the assessment of such costs to the Commissioner's discretion and imposes a limit of \$1,000 on such an assessment. Moreover, this section of the Bill allows Government agencies to petition for revocation of a patent without cost, a provision not recommended by the President's Commission. This section of the Bill should be rewritten in accordance with the President's Commission recommendation to eliminate the free challenge by Government agencies and to require the assessment, without limit, of costs against a losing challenger, because as the Bill stands now, it affords large corporations and the United States Government too great an opportunity to harass individual inventors or small corporations owning patents.

General comments

Considering the objectives of this Bill to raise the quality and reliability of U.S. patents, to reduce the time and expense of obtaining and protecting a patent, and to speed public disclosure of scientific and technological information, the Bill incorporates several changes to our patent system (e.g. abolishing interferences, abolishing the one year grace period, adopting the preliminary application, and making Court of Customs and Patent Appeals' decisions reviewable by the United States Court of Appeals for the District of Columbia) which in my opinion would not contribute significantly to these objectives, but rather would greatly harm our patent system. Some of my reasons for taking this position have been outlined above under comments with respect to specific sections of the Bill. At this time I would like to recommend a change to our patent system which the Bill fails to incorporate and which change I believe would do much more toward achieving the aforementioned objectives and would not cause any significant harm to our patent system. Specifically, we could adopt the claiming practice used in almost all other countries of requiring a patent application to contain one independent claim and all the rest dependent claims. Adoption of this practice would facilitate the filing of the same claims in the United States and abroad, and thereby make the exchange of search results with other countries far more useful. Moreover, it would not only reduce examination time on the part of the Patent Office, but it would also simplify issues and reduce attorney and court time during litigation. If a one main claim practice were made mandatory, I feel courts would of necessity more liberally apply the doctrine of equivalents, and thus the protection afforded under such a practice would not be materially reduced, if reduced at all.

CONTINENTAL OIL Co.,
 Ponca City, Okla., April 14, 1967.

HON. JOHN L. MCCLELLAN,
*Subcommittee on Patents, Trademarks, and Copyrights of the Judiciary Com-
 mittee, Senate Office Building, Washington, D.C.*

DEAR SENATOR MCCLELLAN: Enclosed herewith is a copy of a memorandum which I have prepared regarding Senate Bill 1042. I would appreciate it if this memorandum could be filed as a statement for the record and for consideration by the Committee.

Very truly yours,

JERRY B. PETERSON,
Supervisor, Patent Prosecution.

MEMORANDUM RE S. 1042

Section 41

This gives Patent Office power to set all fees to recover 65-75% of costs. This is dangerous because: (1) costs could soar and Patent Office could raise fees arbitrarily or unreasonably; (2) Congress would be abdicating its responsibility and would in effect be delegating what should be legislative authority to the Patent Office. The fees should be set out in the bill as they are in present statute; or at least the authority should be limited to recovering cost of such services as providing photographs, patent copies, title searches, recording assignments, etc. The Commission's report did not seem to go as far as the bill in authorizing the Patent Office to set fees.

Section 102

Rewrite to conform to present Section 102 (except possibly subsection (g) relating to interferences). First of all, the Section should begin "A person *shall be entitled* to a patent *unless*," rather than "A person shall *not* be entitled to a patent *if*". The proposed change might leave the door open to all sorts of unwarranted rejections based upon 'public policy,' a hunch on the part of the Examiner that the invention was inoperative, or other unspecified objections.

I agree with the APLA special committee that knowledge and use outside the U.S. should not be a bar.

Also, I recommend adoption of a simplified interference (such as is in use in Canada) rather than complete elimination of interferences. Interferences could be eliminated entirely as between a published application and an application filed after such publication. In all other cases, the Patent Office could go ahead and issue the patent to the first application, leaving the second applicant with the opportunity to provoke a (simplified) interference.

I see no good reason to eliminate the 12-month-grace period after public use. In chemical processes particularly, a grace period to allow for revisions following start-up is important.

This 'first-to-file' system would result in many hasty filings, some of which would have to be refiled. A reasonable commercial trial period, on the other hand, tends to reduce the number of refileings and frivolous filings, and also promotes more complete disclosures.

Section 103

Change "effective filing date of the application" to "invention was made." Inventors should be able to swear back of references based upon their earlier invention of the subject matter.

Section 106

There is no convincing reason why computer programs should not be patentable. The copyright protection afforded computer programs is not adequate. The mere fact that much unpublished art has been developed and that searching will be difficult is no reason to exclude this subject matter. If this bad precedent is set, then any newly developing technology might be excluded from statutory patentability.

The big 'hardware' computer people (IBM, Honeywell, etc.) don't want patents; they are primarily interested in selling hardware and are not interested in program patents because they would then be forced to license their customers or be guilty of misuse. I also understand that IBM has issued broad hold-harmless warranties to its customers covering *use* of the computers; so naturally IBM

does not want patents to issue. The small 'software' companies, however, need program patents to protect their developments so that they can compete with the big 'hardware' companies.

Section 111(c)

Provisional applications will result in continued disputes with the Examiners as to whether applicant is entitled to the benefit of the filing date of the provisional application, i.e., does his provisional application support the complete one? In other words, the provisional application provision will be useless and of no benefit over present C.I.P. procedure.

Section 115(b) (1)

A declaration of originality should not be required in the case of applications filed by someone other than the inventors because it is sometimes difficult to pinpoint and find the inventors. This paragraph might better read: "file the name or names of the person or persons believed to have made an inventive contribution." This would be more in line with the intent to simplify filing by assignees, and would be consistent with Section 111(a).

Section 118

Should be omitted for the reasons indicated above.

Section 120(a)

Should be omitted. It would be better to adopt a simplified interference procedure as is used in Canada, rather than to completely eliminate interferences. Therefore, there should be no provision for preliminary application. Complete elimination of interferences would result in premature, hasty filing in some cases and incomplete, fragmentary preliminary disclosures in other cases. 120(b) (3) should be modified to delete "or the application . . . whichever is earlier . . .". 120(c) should be modified to eliminate the language "the date of a prior preliminary application under subsection (a) or to . . .". Also see remarks under Section 102, above.

Section 120(a) (1)

If 120(a) is retained, add the words " , if filed by the inventors, or by the same owner if not filed by the inventors" at the end of 120(a) (1).

Section 123

Publication should be "not less than twenty-four months, from the earliest effective filing date claimed." Or, if the 18-month limitation is retained, it should be 18 months from the filing of the complete application, rather than from the date of the preliminary application. Otherwise applicants who desire to file abroad will have difficulty. For example, if a preliminary application is filed, then in order to claim priority, the applicant would have to file in his complete application within one year. See Section 150(a) (3). Then to be sure that his preliminary is not published before he files his foreign applications, he would have to file his foreign applications within six months of his complete U.S. application and would have to obtain an export license. Actually, it would be better to eliminate the preliminary application from the bill, simplifying rather than eliminating the interference procedure.

But if the preliminary application provision is retained, it would be preferable to not publish it; or at least, if it is published, to have the publication 24 months after filing of the preliminary.

Section 136(a)

Should include a provision that copies of references and accompanying materials cited by outside persons should be sent promptly to applicant, so that applicant could if it so desired rebut them prior to action thereon by the Patent Office.

Section 136

Should also contain a provision that at any time after six months following publication, any person could obtain at his own expense, copies of the reference and accompanying materials which were sent to the Patent Office under 136.

Section 137

This sounds fine at first blush, but what does it mean? Right now most Examiners apply rather stringent standards, and I do not see how this pro-

vision would upgrade patents in any way. It could put an impossible burden upon applicant if the Examiner took an unreasonable position. The Supreme Court decisions cited by the Commission did not deal with how a doubt should be resolved; they only said that minor variations within the skill of a mechanic were unpatentable. This was already the law, and Examiner in allowing those patents, merely applied the wrong standard of patentability.

The only ways to upgrade patents are to have more comprehensive searches and to have more Examiners of greater skill, training and experience.

CHAPTER 18

I think deferred examination would be a mistake. In the short run it might relieve some of the burden on the examining staff in the Patent Office. But after a few years we will be in almost the same situation with respect to backlog as we are now, and the delays in issuance of many patents will be very great. More fundamentally, deferred examination viewed broadly merely attempts to shift much of the burden of searching from the Patent Office (where it belongs) to the inventors, their assignees, and their attorneys. Attorneys will feel compelled to set up time-consuming systems for reviewing the published applications to avoid running the risk of issuance of invalid nuisance patents. (Deferred examination would be profitable for patent lawyers in general practice who charge in proportion to their time spent.)

Another disadvantage of the proposed deferred examination is that since the public would have two opportunities to challenge issuance of the patent by sending references to the Patent Office, the Patent Office would be inclined to make only a cursory or "quickie" examination, thus further shifting responsibility to industry. I therefore feel that the proposed system would be a prelude to a "registration" system such as in France.

If the patent system were a "special interest" system, this shifting of responsibility to the industry would be justified; however, the patent system is for the benefit of the entire public, so this shifting of responsibility is not justified.

Holland has not had the system long enough to say that it is desirable, because the deadline for examination of most of the early applications has not passed. It is submitted that another ten years will tell how it works in Holland. Furthermore, even if it works for a small country such as Holland is no reason why we should adopt it for our large and far more industrialized country.

The only effective way to upgrade the patent system is to put sufficient money into the budget for Patent Office operations so that sufficient people can be hired and trained to become proficient Examiners. I realize that under present Congressional thinking this would be difficult if not impossible. What I propose is that since we are moving in the direction of International cooperation in patent matters, possibly leading to exchange of search results among other countries, that we take the lead in establishing a first-class searching staff and that we view a portion of the necessary additional funds as a form of quasi-foreign aid. The search results could be made available to other member countries of the International Convention upon request. If a substantial portion of this budget were allocated to research in the fields of classification and mechanized searching, there would be a good possibility that long range problems of ever-increasing volumes of technology could be solved.

If deferred examination is adopted, the following suggestions are made:

(a) It should be tried on a pilot basis, but not in certain arts but rather on a certain percentage selected at random from each art or division. This would give a fairer and more objective test of the system.

(b) If an outsider requested examination, the applicant should pay a portion (say 50%) of the examination fee, to discourage frivolous filing. Alternately, the initiating party could pay the initial fee subject to reimbursement by applicant if no claims were allowed.

(c) If deferred examination is instituted, then we should consider adoption of the "central claim" method of claiming in place of the peripheral claim system we now have. This would reduce the uncertainty which would otherwise exist with respect to differences in the claims published the first time, those published upon allowance, and those finally issued.

Section 251

Reissue should be allowed as in the present law, because the proposed revision would not allow reissue to correct mistakes where applicant claimed *less* than he might have.

Section 253(c)

I concur in APLA's objections to the idea of eliminating the effectiveness of terminal disclaimers.

Section 257

Revocation and cancellation seem like a good idea, but I think it should be available at any time rather than just within three years of issuance. Many inventions do not become commercially important until several years after patents have issued, and those who are convinced of invalidity should not be required to bring action within three years of issuance. Also, those who enter the field at a later date should have an opportunity to seek cancellation rather than to be forced to go into production and risk an infringement action.

It is also recommended that the cancellation and revocation actions not be tried before the Patent Office, because the Patent Office will be inclined to uphold its action in issuing the patent, especially in those cases where the same Examiner who handled the application originally handles the cancellation or revocation action.

It is recommended that these cancellation and revocation actions be tried in the District Court of the District of Columbia, with right of appeal by either party to the Court of Appeals of the District. This would promote uniformity of patentability standards, especially when considered in conjunction with Section 1295 (providing appeal from CCPA to District Court of Appeals) and with my suggestion (below) to provide that all appeals in patent infringement suits go from the District Courts throughout the country to the District Court of Appeals.

Section 271(b)

The phrase "provided patent protection for the process is not available in such country" should be deleted. In the first place, the law in some countries is not clear as to whether or not protection is available in certain fields. A U.S. patentee might have to apply in the country in question in order to find out. This would be a hardship. It would also be impractical. For example, suppose that a statutory bar had arisen in the country in question before the importation began. In that event, the U.S. patentee could not apply to find out if protection were otherwise available. Furthermore, at what point of time would the determination of whether "patent protection is not available" be made?

This phrase would present a "can of worms" and would cripple the effectiveness of 271(b).

Section 273

If applications are to be published prior to allowance (as specified in Section 123), the applicant should have as much interim protection as is reasonably possible.

273(b)(1) should be amended to allow for some change in the claims during prosecution of the application, because amendment almost always occurs. The following amendment is suggested for consideration:

"b . . .

"(1) publication of the application containing a claim substantially the same as the patent claim in question"

273(b)(2) seems unreasonable, because there may well be a substantial gap in time between publication and allowance of any claims, during which time the applicant would have no protection against copying by those who have seen his published application. This hardly seems fair, since normally most of the delay during such period of time is delay by the Patent Office. Furthermore, there is really no need for 273(b)(2), since under 273(b)(1) the interim protection would only apply to claims the same or substantially the same as the patent claims finally issued.

273(b)(3) might be workable as applied to mechanical inventions, since a mechanical device on the market could be purchased and studied by the patentee. But in the case of an invention covering a chemical process, 273(b)(3) would be so unworkable that there would be no effective interim protection. The inventor could not determine from the product what process was used to make it, so he couldn't notify the infringer. And he couldn't learn of the process through discovery, because he could not sue until after the patent issued. Therefore 273(b)(3) should be deleted.

Section 294

This provision could work a hardship in certain cases. For example, suppose the patentee prevailed in one or more circuits, and then his patent was held invalid in a second or subsequent proceeding in another circuit. To cancel the claim would not be fair to the patentee, nor would it be fair to the early defendants who presumably would still be subject to the early judgments. Such a provision would only be fair if a single court of appeals for patent cases were set up (as recommended below) and if the estoppel and cancellation were effective only in that court. A possible alternative: If one suit resulted in a holding of invalidity, then plaintiff must pay costs and attorneys' fees in any subsequent suit in which the same claim is held invalid.

ADDITIONAL OBSERVATIONS AND SUGGESTIONS

The intent of the bill to speed up patent prosecution and simplify the patent system is certainly fine, but I doubt that the bill will accomplish its intended purpose to any significant degree.

Some of the good ideas in the bill are :

1. Allowing an owner to file an application ;
2. Providing for a patent life of 20 years from filing date ;
3. Reducing the delays resulting from long, drawn-out interference proceedings, although it would be preferable to simplify interferences rather than eliminate them ;
4. Importation into the U.S. of a product made abroad by a process patented in the U.S. would be an infringement.

There is one idea not contained in the bill which is worthy of inclusion. An applicant should be able to pay a substantial fee to make his application "special." It could be provided that at any time an applicant could pay a sizable fee, say \$500, to make his case special, whereby both the Patent Office and the applicant would thereafter be bound to respond within a short time, say two months. In this way inventors who are on the market or who have infringers could speed up issuance of their patents.

Another idea which should be considered is to provide that all appeals in patent infringement cases should go from the District Courts throughout the country to the Court of Appeals of the District of Columbia. This would be helpful in at least two respects: (1) the judges of the District Court of Appeals would become skilled in patent matters, thus improving the quality of court decisions in patent cases; (2) since one court would be hearing all patent appeals (including those from the CCPA under Section 1295), the standard of patentability would ultimately be defined more clearly than it is now.

U.S. SENATE,
COMMITTEE ON PUBLIC WORKS,
April 26, 1967.

HON. JOHN L. McCLELLAN,
Chairman, Subcommittee on Patents, Trademarks, and Copyrights, Senate Judiciary Committee, Washington, D.C.

DEAR MR. CHAIRMAN: I am enclosing a copy of a letter I have received from Mr. J. M. Morris of Louisville, Kentucky, commenting on certain provisions of S. 1042, a bill to revise the patent laws.

I understand that the Subcommittee on Patents, Trademarks and Copyrights will hold hearings on this bill on May 17 and 18, and I would appreciate it if Mr. Morris' statement could be included in the printed hearing record.

With kind regards, I am,

Sincerely yours,

JOHN SHERMAN COOPER.

REX CHAINBELT, INC.,
Louisville, Ky., April 18, 1967.

HON. JOHN SHERMAN COOPER,
*Senate Office Building,
Washington, D.C.*

DEAR SENATOR COOPER: Congress has pending in each House bills which are probably identical regarding proposed changes in patent procedures resulting from recommendations of the President's Commission.

It is my understanding that the Administration is strongly backing this proposal on the basis of the current technical explosion, which results in the inability of the Patent Office to cope with the workload under present procedures. The so-called "explosion" undoubtedly is placing a burden on the Patent Office that does need relief.

I have studied with considerable care excerpts of the pending legislation which have been drawn up by MAPI (Machinery & Allied Products Institute), comments published by the Commissioner of Patents in the Official Gazette, and with our own patent attorneys. I have serious reservations that the proposed new procedures will accomplish the desired results.

The major changes proposed are:

1. The present one-year "grace" period prior to filing the patent application will be abolished. Any public use, public sale or publication prior to filing will completely bar the possibility of filing a patent application.

2. In case of two inventors claiming the same invention, the first to file will automatically be the winner. Under the existing law, it is the first true inventor who obtains the patent even though he may be the second to file; he must show, however, prior conception and either prior reduction to practice or the necessary diligence.

3. There will be an automatic publication of the invention within two years after filing with an opportunity for anyone to submit evidence to the Patent Office anonymously to establish that the patent should not be granted. Applications are presently held in strict secrecy until issuance.

4. There will be a chance for anyone to seek cancellation of the patent on the grounds of invalidity if claim is made within three years after issuance of the patent.

5. A patent will expire 20 years after the filing date. The term of the patent, which commences with its issuance, will vary depending on how long the application is pending. The present term is 17 years from the issue date of the patent, regardless of how long the patent application was pending. Cases are frequently pending over three years.

6. The Patent Office will be empowered to establish at its discretion in the future a deferred examination system which will alter the procedure in a still more radical manner. Under such a system, there will be no examination on the merits until requested by the applicant or some third party. This stand-by authority is supposed to be used by the Commissioner if the Office cannot cope with the workload.

7. All fees will be determined by the Commissioner of Patents instead of by Congress as at present.

8. If a patent is declared invalid in a suit against one party, no further suits can be brought against other infringers. At present, you are entitled to two days in court, and if you can convince the courts of another circuit that the first decision was wrong and the patent is valid, you can ask the Supreme Court to adjudicate the basic issue. In fact, this is the only way you get the Supreme Court to review the patent's validity.

9. If the Patent Office denies the application, your right to appeal will be severely restricted and the decision of the Patent Office will be given a greater presumption of correctness.

10. If an imported article is produced in a foreign country in a manner which would infringe a U.S. patent on the process of manufacture were it manufactured in the U.S.A., then the owner of the U.S. patent on the process can sue the importer as an infringer. As far as we can see, this is about the only way the rights of the patentee are strengthened under the proposed bills, and personally, I question the propriety of this change. The only justification for it is that some countries, like Italy, don't issue patents on processes of manufacture or production.

As part of a company which depends on patent protection for new product development, as well as process development, the proposed changes would have a serious adverse affect on our operations. We believe the same adverse affect would be experienced by most of the leading industrial companies in the United States. Presently, we file on less than 25% of the ideas submitted for patent consideration and development. We know we have a year after the first sale, or public disclosure, and that during this period approximately 75% of the subjects disclosed are proven either impractical or uneconomical. When we do file, we know that the invention is a commercial success; we know the invention offers the public something not previously available; and we better know the distinguishment between the invention and the prior art.

Under the proposed law, we would have to file on all of our original ideas in the unproven state. The first filing, consequently, would of necessity be incomplete and would probably contain a number of technical inadequacies or misconceptions. We think other companies will follow the same practice. If so, this would probably increase the burden on the Patent Office rather than reduce it. In addition, it will require that we increase the size of our patent staff, our expense with outside counsel and if the quality of protection obtainable is reduced, so will our incentive for new development expense be reduced.

The nature of American patents is going to change quite radically under the proposed law. Present patents, at least the most valuable ones, are usually based on proven, workable devices or processes. The new law will put the emphasis on concepts, similar to patents issued under the existing German and other European patent laws, where there is no "grace" period such as we have, and from whom most of the other proposed revisions come. Foreign patents in general have never measured up to U.S. patents as far as conferring rights upon which business and inventors can rely. Yet we are asked to scuttle our system in favor of what is quite generally recognized as an inferior foreign system.

Some of the other changes may be less controversial but none of them has so much merit that it can gain anything like unanimous support. In fact, there are sound, valid and sensible arguments against every one of the proposals.

The United States is the leading technological country in the world. In the past, we have been criticized from within and from without because of our educational gap. The quality of our education has been unfavorably compared to that in the Soviet Union. This may or may not be true. If true, however, there is all the more reason to inquire into the reason for our technological superiority. Unquestionably, one of the major reasons lies in the incentive system which is used in all segments of our national activity. This is the very heart of the capitalist system. Our present patent procedures may not be ideal and may need revision, but they have nonetheless made it possible for individuals and companies within our economic system to prosper from new developments and have served as one of the most outstanding encouragements for the expenditure of research funds in the world.

I strongly urge you to oppose the pending legislation and to suggest that the Administration restudy this problem with the hope that they can come up with a bill that will maintain the advantages of our present system, which has contributed so much to the technological and economic advancement of our country.

Yours truly,

J. M. MORRIS.

U.S. SENATE,
COMMITTEE ON PUBLIC WORKS,
April 21, 1967.

Hon. JOHN L. McCLELLAN,
Chairman, Subcommittee on Patents, Trademarks, and Copyrights, Senate Judiciary Committee, Washington, D.C.

DEAR MR. CHAIRMAN: I understand that the Subcommittee on Patents, Trademarks and Copyrights will hold hearings on May 17 and 18 on S. 1042, a bill to revise the patent laws.

I have received a statement from Mr. Norman L. Wilson, Jr., of Louisville, Kentucky, commenting on certain provisions of the bill, which I would like to bring to the Subcommittee's attention.

I am enclosing a copy of Mr. Wilson's statement and I would further appreciate it if his statement could be included in the printed hearing record.

With kind regards, I am,

Sincerely yours,

JOHN SHERMAN COOPER.

LOUISVILLE, KY., April 17, 1967.

Hon. JOHN SHERMAN COOPER,
*Senate Office Building,
Washington, D.C.*

DEAR SENATOR COOPER: I have been studying the report of the President's Commission on the Patent System and also the patent reform bill being considered in both Senate and the House (HR4924) Committees. Since these bills were

submitted to the Congress on such short notice that even the Patent Section of the American Bar Association has called a special meeting to discuss its provisions, a few comments on the bill are indicated.

The general consensus of opinion among those of us who will be mostly concerned with the patent reform bill is that there is much in the bill which has not been tested by experience. Judge Rich has termed the report which is the basis for the bill, a utopian approach to the problem.

Referring now to specific sections of the bill, Sections 136 and 151, pertaining to the publication of patents and the allowance for the citation of prior art by third parties is believed to be a solution to many disadvantages of the patent system. As patent attorneys we hear much criticism by those who contend that they had been doing something for years which is now the subject of a patent. There is also the case where a patent issues and a client shows you a similar patent which should have been cited but was not located, and comments on the poor job which is done in the Patent Office. The citation of prior art and commercial uses by third parties is a solution to this problem.

Section 102, the so-called first to file section, is also new and would eliminate the so-called interference practice. In other words the first person to file a patent application would be granted the patent regardless of whether he was the first inventor or not. This in my view is a desirable section since my experience has been that most interferences stem from failure to recognize the value of an invention until after someone else has attempted to patent it. The first inventor drops the idea then later seeks to take the patent away from the first to file who may have seen more advantages in the invention. This frequently occurring practice with the accompanying feature of eliminating the expensive interference procedure is, I think, reason enough for Section 102. However, I understand that the New York Patent Law Association disapproves of Section 102.

Section 102 does present a problem when taken in combination with the new Office in order to be the first to file. In addition to these two Sections 111-C and 120. I disapprove of the preliminary application if the first to file the application is to become the patent owner or original inventor. In my view the combination of the two sections will lead to haphazard submissions to the Patent Office in order to be the first to file. In addition these two Sections 111-C and 120 are completely new and untried, the Patent Office having no experience in the execution of these provisions.

Section 123 provides for the publication of patent applications if the patent has not issued within a given period. Whereas I approve of the publication of a patent for the purpose of notifying the third party, so that they can call to the attention of the Patent Office any prior art, I see no apparent reason for publishing applications. No loss, I believe, is sustained by waiting until the patent is allowed. Section 123, it seems, is one of the sections which Judge Rich has in mind when he states that the bill does not allow for human error, for the inability to foresee the future. If everything in the Patent Office functions perfectly the publication of applications may work no hardship. However, since Section 122 provides that all applications should remain confidential it is believed that Section 123 should be eliminated.

Perhaps the most disagreeable section of the patent reform bill is Section 137 and for this reason I am sending Judge Rich's comments so that you may refer to R-X. As you can see Judge Rich feels that the abolition of the "Rule of Doubt" when combined with the expedited prosecution does not give time enough for an inventor to accumulate evidence in the case of a possibly patentable invention.

Referring again to the Rich letter, in connection with Section 148 Judge Rich points out that this is inconsistent with the reason for the creation of the Court of Customs and Patent Appeals. In addition, in case Section 251-C, I concur with Judge Rich when he notes that there is no apparent reason for the elimination of a broadening reissue, i.e., correcting a patent to broaden it where a mistake has been made.

Looking now at Section 106, it is my understanding that many companies are devoting much energy and investment to the development of programs and programming techniques for general purpose computers. The problem of patenting such a program is not radically different from covering a class of electrical circuits, whose components and parameters are defined by mathematical equations. It would be most unfortunate if this bill, containing Section 106, were passed leaving computer programming techniques to be treated as trade secrets.

Summarizing, the patent reform bill contains many desirable sections, such as the citation of references, Section 136; prevention of importations, Section 271-B; a provision for joint inventors, Section 116-B; and Section 111. However, in my view you should not vote for this bill unless the burden of persuasion, Section 137; presumption, Section 148; Reissue Section 351; and Disclaimer Section 253-C, are eliminated.

Very truly yours,

NORMAN L. WILSON, JR.

U.S. SENATE,
COMMITTEE ON GOVERNMENT OPERATIONS,
April 25, 1967.

MR. TOM C. BRENNAN,
Subcommittee on Patents, Committee on Judiciary,
Room 349A, OSOB, Washington, D.C.

DEAR MR. BRENNAN: This is the letter which Jim Monroe of my staff discussed with Miss Kaiser. It may be that you will want to incorporate it in your May 17-18 hearing record.

Sincerely yours,

FRED R. HARRIS,
U.S. Senator.

PAN AMERICAN PETROLEUM CORP.,
Tulsa, Okla., April 11, 1967.

HON. FRED R. HARRIS,
Senate Office Building,
Washington, D.C.

DEAR SENATOR HARRIS: The Report of the President's Commission on the Patent System does much to improve what I believe to be already the best patent system in the world. Unfortunately, there are those in the administration who feel the patent system has outlived its usefulness and such individuals should be kept in mind when any changes are proposed. For example, the following statement appears in the Bureau of National Affairs recent publication, "Patents and the Anti-Trust Laws", Page 1:

"Last November, during Supreme Court argument of *U.S. v. Huck Mfg. Co.* (p. A-16, ATRR No. 227, 11/16/65), Assistant Attorney General Donald F. Turner expressed doubt that the patent system produces any net benefit to the public in the form of incentive to invention. He suggested that our economic system now operates in such a way that discovery and invention would go on without the 'sort of lottery' provided under the patent law."

A careful examination of several Commission recommendations shows that such proposals create the distinct probability of weakening rather than strengthening our patent system. I think one of the chief requirements of any successful patent system is adequate incentive for inventors to disclose their ideas. To encourage protection of inventions by patents, inventors must have assurance that there will be provided a period of exclusive ownership of such property during which they will be able to recoup their expenses and also realize at least a modest profit. Any changes in our patent laws tending to interfere with this goal, will inevitably weaken the system.

THE PROPOSED TWENTY-YEAR TERM OF PATENT

One of the stated objectives of the President's Commission is "to shorten the period of pendency of a patent application from filing to final disposition by the Patent Office."

Before discussing the various means by which they suggest this end can be accomplished, I would like to point out that our present period of patent application pendency is not really as bad as some might think. For example, many of the applications I am prosecuting will reach a final decision before the Examiner within a period of not more than two years from their filing date. A random examination through a current *Official Gazette* of the United States Patent Office, shows that in the General and Mechanical Fields, patents are issuing within a period less than two years from the filing date of the corresponding application. In the Chemical and Electrical Fields, applications are pending from two to three years on the average. This, in my view, certainly cannot be regarded

as poor performance since many of these cases involve extremely complicated subject matter. In many instances it is humanly impossible to examine applications properly so that the case will issue within less than three years—considering the fact that the same examiner undoubtedly has many other applications covering equally complicated subject matter. The quality of a patent simply cannot be sustained in these fields if it is arbitrarily declared that patent applications covering such inventions shall be run through the Patent Office within eighteen months.

The policy governing current prosecution of United States patent applications was initiated in March of 1964. At that time there were over 204,000 applications (exclusive of design applications) pending. Also at that time the rate of applications being filed was about 6800 per month. In three years this application load has decreased to about 191,000 cases (exclusive of design applications). It should be further noted that this decrease of some 13,000 applications was made even in the face of an increased monthly filing rate of from 7000 to 7500 during the period 1964–1967. I think this is a remarkable performance on the part of the Patent Office, and the number of pending cases is still decreasing. Certainly due consideration should be given to the advisability of allowing the present prosecution policies to remain in force at least for a sufficient time to give them a fair test.

I submit that the Commission's recommendations to shorten the pendency of applications, for the most part, amount to nothing more than suggestions to follow the practice of other countries whose patent systems are inferior to ours. It is proposed that the life of a patent be limited to a period of twenty years measured from its filing date. While this may seem to afford an ample protection period, it would work unwarranted hardships in many cases. Even assuming interference practice as we know it is discontinued, the time required for appeals to the Board of Appeals and the Court of Customs and Patent Appeals would cut heavily into this twenty year period. Also, actions brought in the District Court under 35 U.S.C. 145, an alternate route to the CCPA, could likewise use up a very substantial portion of the twenty years. Although admittedly an extreme case, I just completed prosecution of an application covering subject matter pending before the Patent Office for almost seventeen years. While a part of this time was taken up by three interferences, the case was also involved in two appeals before the Board of Appeals, and one suit against the Commissioner of Patents in a 35 U.S.C. 145 action. Notwithstanding the fact that this application was in the Patent Office for such a long period of time, the oil industry knew of the invention within less than five years after the filing date of the application through technical publications and issuance of foreign equivalent patents. No less than forty-five field applications of the principles covered therein were carried out by others in the industry both in the United States and Canada during the pendency of this application. Even under these extreme circumstances, it can hardly be said that progress was delayed by failure of the application to be allowed until recently. If the proposed twenty year rule (see Section 154(b)) were in effect, however, the patent would not have enough life left in it to permit its owner to even come close to getting back his investment in research and patent prosecution, much less realize a fair return from licensing others under the patent.

I am sure you realize that many delays are caused during the prosecution of an application over which the applicant has no control. Moreover, if he is forced to seek allowance of his application on his own time, so to speak, the incentive to obtain patent protection will in many cases be materially reduced. If the inventor decides not to patent his idea, and to practice the invention as a trade secret, the public, of course, suffers and the purpose of the patent system is defeated.

In summary, if the twenty year rule is adopted, certainly the time consumed in any actions *outside of the Patent Office*, either before the CCPA or the District Court, should not toll the twenty year period.

ELIMINATION OF BROADENED REISSUES

Proposed Section 251(c) of the Bill, provides another unnecessary hurdle for the inventor. It presumes the issuing patent will be perfect and leaves no room whatever for human error. Under existing law, a patent owner can broaden the scope of his claims if a proper application for a reissue patent is filed within two

years from the issue date of the original patent. In many cases it is humanly impossible to foresee all applications of a method or device described in a disclosure of a patent. However, if such application is truly within the scope of the original patent teaching, why shouldn't the patentee be granted protection on an unclaimed portion of his invention, if he acts within the prescribed period? The overall life of his monopoly is in no way extended. Moreover, I can see of no great injustices resulting from the present law regarding broadened reissues since the intervening rights of others are protected. I submit that if this provision is adopted as part of the patent law, it will also serve to reduce the incentive of inventors to apply for patent protection.

THE PROPOSAL TO ABOLISH INTERFERENCE PRACTICE

One of the most far reaching provisions of S-1042 is the proposal (Sec. 102(b)) to abolish interferences. Admittedly, interferences are sometimes expensive and time consuming, but in large part this is due to the archaic standards governing the admissibility of evidence of reduction to practice of the invention, and proof of diligence from time of conception to reduction to practice. Admission of evidence under the Shop Book Rule would serve to reduce much of the time and complexity of these proceedings. I think the theory behind our present interference practice is good. It permits the one first to conceive an invention the right to a patent *if* he is diligent up to the time he actually reduced it to practice or filed an application claiming the invention. A compromise between the practice we now have and that proposed in Sec. 102(b) is the Canadian practice. Fundamentally the procedure in Canada awards the patent to the first to conceive the idea. Evidence of conception is submitted in affidavit form and the Patent Office makes the decision without briefs or a hearing. If the losing party or parties are dissatisfied with the outcome at this level, the matter can be appealed to the Exchequer Court. There are no periods for motions or the taking of testimony and, of course, no final hearing. Rather than conduct the settlement of priority of inventorship in the manner contemplated by the Commission's recommendations, I feel that some modification of the Canadian practice would be much more equitable and prevent the race to the Patent Office that would inevitably occur if the award of priority were to be given to the first to file.

In this connection, the Commission recommends the filing of a preliminary application to secure a filing date. Such application presumably would need to be nothing more than a memorandum. While the Commission states:

"This would permit early filing of an application, since it could be prepared by *someone having little knowledge of patent law and procedure*" (italic added).

The Commission then goes on to say:

"Each claim in the complete application would be entitled for the purpose of overcoming prior art to the date on which its supporting disclosure was first fully presented in a validly asserted foreign, preliminary or earlier complete application."

The two quoted statements seem to be clearly in conflict. How can it be expected that "one having little knowledge of patent law and procedure" could draft a suitable preliminary application that would necessarily support a claim in the complete application which "would be entitled, for the purpose of overcoming prior art . . . in a validly asserted . . . preliminary . . . application"? It is my guess that such practice would only aid in submerging the Patent Office in a sea of paper.

In evaluating the changes proposed by the Patent Reform Act of 1967, many facts, of course, must be weighed. We already have the best patent system in the world. While this does not necessarily mean that it cannot be improved, it does underscore the importance of taking cautious and deliberate action where changes in the present system are proposed. Personally, I can see no urgent need for our system to conform with those of other countries, merely for the sake of facilitating international uniformity. The zeal of the President's Commission throughout its report in this regard is indeed mystifying.

I trust that the foregoing will be of some assistance to you in considering S-1042 and the changes in our present patent laws that it would bring about.

Very truly yours,

ARTHUR McILROY.

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
June 6, 1967.

Hon. JAMES O. EASTLAND,
*Chairman, Senate Judiciary Committee,
New Senate Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN: Please find enclosed a copy of a letter I have received from President Howard R. Bowen of The University of Iowa, Iowa City, Iowa regarding S. 1042.

It would be appreciated if President Bowen's comments could be considered for possible inclusion in the hearings on S. 1042 before the Subcommittee on Patents, Trademarks and Copyrights.

Yours sincerely,

B. B. HICKENLOOPER.

THE UNIVERSITY OF IOWA,
Iowa City, Iowa, June 2, 1967.

Hon. BOURKE B. HICKENLOOPER,
*Senate Office Building,
Washington, D.C.*

DEAR SENATOR HICKENLOOPER: I am writing to express the sense of alarm which my faculty colleagues and I at The University of Iowa have about two provisions of the general revision of the patent laws proposed in Senate and House bills S. 1042 and H.R. 5924 which are now under review by Senate and House subcommittees. The objectional provisions are found in Section 102 of both bills. One provision would substitute a "first to file" priority procedure for the present procedure which provides a one-year "grace period" for filing patent applications after the initial disclosure of an invention. The other provision states that "a person shall not be entitled to a patent if prior to the effective filing date of the application, the subject matter sought to be patented was known to the public, or made available to the public by means of a disclosure in tangible form. . . ."

The effects of these two provisions, if passed into law, on the functioning of this and all other universities in the United States could be calamitous. One of the major purposes of a university, of course, is to defend and encourage the unobstructed dissemination of knowledge. Fortunately, the existing provisions of the patent laws, which encourage early disclosure of discoveries and inventions while protecting patentability, are consistent with this purpose. The proposed revisions, however, would not be. They would bring into direct conflict the scholar's obligation to publish his findings and his desire to claim a patent on any invention or discovery resulting from his research. If he published a discussion of this research, he would apparently forego any title to a patent right. But if he chose first to investigate the patentability of his discovery or invention, all public disclosure would have to wait upon his filing of a patent application or his decision not to file. The general atmosphere of cautiousness, calculation, even secretiveness, which would likely result is depressing to contemplate and certainly would vitiate the traditional role of scholarship within the University.

I want to stress, too, the unreasonable dilemma which these proposed patent law revisions could pose for graduate students. At The University of Iowa and virtually all other American universities, a copy of the thesis or dissertation required for an advanced degree must, in conformity with the University's role as disseminator of knowledge, be made available immediately to the public through deposit in the University's library. At that point, however, the student would presumably forego any patent right to an invention or discovery described in the dissertation. The equally unreasonable alternative open to him is to postpone the completion of his degree requirements until he has determined whether he has a basis for filing a patent application. Again, the proposed revisions of the patent laws are seen to work against the early dissemination of knowledge.

It is difficult for me to imagine what circumstances would make it necessary or desirable to adopt new patent procedures whose predictable effects on the operations and goals of universities would be as unfortunate as those I have described here. I have urged your attention to these matters in the hope that you will take whatever action you can to prevent the revision of the patent laws in line with these objectionable features of S. 1042 and H.R. 5924.

Sincerely yours,

HOWARD R. BOWEN.

ILLINOIS MANUFACTURERS' ASSOCIATION,
Chicago, August 3, 1967.

Hon. JOHN H. McCLELLAN,
Senate Office Building,
Washington, D.C.

DEAR SENATOR McCLELLAN: Under separate cover we have forwarded five copies of our statement to Mr. Thomas C. Brennan, Chief Counsel, Patents, Trademarks & Copyrights Committee of the Senate Judiciary Committee, covering the Illinois Manufacturers' Association position on S. 1042 and the general subject of patent system reform.

We are attaching a copy for you as a matter of information to you and your staff. This position was developed after careful study by our Patents and Trademarks Committee, both the Committee and our Board of Directors unanimously approved this report.

We follow with great pleasure your consistent efforts to develop constructive legislation for the benefit of the people of the United States.

Sincerely,

HARRY G. WESTERFIELD,
Secretary, Patents and Trademarks Committee.

STATEMENT OF ILLINOIS MANUFACTURERS' ASSOCIATION CONCERNING THE PRESIDENT'S PATENT COMMISSION STUDY, PARTICULARLY AS IMPLEMENTED IN S. 1042 (AND IDENTICAL H.R. 5924)

The Illinois Manufacturers' Association, is composed of more than 5,000 member companies who represent 95% of the industrial production in the State. Membership of the Association includes manufacturers of all sizes, types of production and geographical location. The Patents & Trademarks Committee of the IMA is composed of executives and patent counsels of various members, also representing a wide spectrum of Illinois industry ranging in size from small and medium to large.

On July 13, 1965, the President of the United States appointed a Commission to report on the Patent System with the meritorious objective of suggesting changes in the Patent Laws designed to facilitate the earlier issuance of patents, to reduce the congestion of patent applications awaiting examination in the Patent Office and to reduce the expense incurred by inventors in securing patents and in enforcement of their rights under such patents. The Commission, after holding 31 meetings, rendered a report of 64 pages on November 17, 1966 recommending drastic changes in our Patent Laws.

The recommendations contained in that report were implemented in proposed legislation when Senator McClellan (by request) introduced a bill identified as S. 1042. That bill was referred to the Committee on the Judiciary.

Because of many changes in our Patent System which would result from the enactment of this proposed legislation, the IMA Patent Committee, after making a preliminary study of the report, met on February 28, 1967 and discussed the report rather extensively. Since copies of S. 1042 had only become available the day before the meeting, it was not possible to consider all aspects of the legislation at that time. The report of that meeting, therefore, was intended as a preliminary report reflecting the views of the Patent Committee as expressed at the meeting of February 28, 1967.

Among those aspects of the President's Commission report and its implementation by S. 1042 that first were considered by the IMA Patent Committee are the following:

- (a) The provision that a patent shall be awarded to the "first to file."
- (b) The preliminary application.
- (c) The publication of applications within 18 to 24 months after filing and the republication after further examination in the light of additional prior art cited *ex parte* by any member of the public following the first publication.
- (d) Extension of the definition of "prior art".
- (e) A determination of patent fees by the Commissioner.
- (f) The filing of applications by assignees as well as inventors.
- (g) The definition of the "life" of a patent as being 20 years from the date of the application.

(Note: The IMA Patents & Trademarks Committee has dealt only with those portions of S. 1042 and H.R. 5924 which deal with individual company operations,

leaving procedural aspects to the committees of the various Bar Associations.)

The observations of the IMA Patent Committee as to the foregoing matters are set forth below:

(a) *The "First to File" Provision.*—Since the institution of the American Patent System, it has been the custom to award a patent to the first inventor, even though he was subsequent to another in filing an application for the same invention. S. 1042 provides, in effect, that the first to file his application shall be entitled to the patent and in so providing disposes of costly interference proceedings. At the same time, it is the opinion of the IMA Patent Committee that such a provision may be conducive to the fraudulent filing of applications by those who have made little or no contribution to the invention but who nevertheless are awarded the patent because of their ability to reach the Patent Office first. The IMA Patent Committee was fully cognizant of the desire to avoid long, drawn-out and expensive interference proceedings (which, however, occur in only a very small percentage of the patent applications filed) but this Committee is nevertheless of the opinion that the "first to file" remedy is too drastic and recommends that a solution to the interference problem be arrived at after further study. Among alternatives suggested by the IMA Patent Committee are adoption of a plan such as is followed by the Canadian Patent Office where the respective claims are submitted on affidavits for decision by the Commissioner or possibly a modification of the present procedure whereby an inventor can only carry dates of invention back for a limited period of time (say, one year) prior to his filing date. The IMA Patent Committee is unanimously opposed to the "first to file" provisions of the proposed legislation as they now stand.

(b) *The Preliminary Application.*—In order to permit inventors to secure an early filing date in the Patent Office, S. 1042 makes provision (Section 111) for "a preliminary application" containing a written description of the invention. While this preliminary application does not need to contain claims, the filing thereof is apparently subject to the payment of a fee and, furthermore, in order that the applicant be entitled to the filing date of this preliminary application in a subsequent complete application, it is necessary that "every feature recited in the claims therefore, is disclosed in the preliminary application * * *" (Section 120 (2)).

This, in the opinion of the IMA Patent Committee will effectively double the work required in securing patent protection since, in order that the preliminary application be of value, it will be necessary that it be prepared with care and skill far beyond the ability of the average inventor. Furthermore, the awarding of benefits to preliminary applications will lead to the making of records of invention by those who have contributed little or nothing but who may find the time to speculate on the development of an art. Such individuals could file large numbers of preliminary applications describing purported "inventions" which subsequently may become the subject of complete applications that defeat the real purpose of our Patent System—which is an incentive to progress and developments. Therefore, for reasons of added expense and the possible encouragement of the filing of preliminary applications by those who have no real contribution, the IMA Patent Committee was unanimously opposed to those provisions of S. 1042 pertaining to "preliminary applications."

(c) *Publication.*—Section 123 of S. 1042 provides that pending complete applications shall be published "not less than eighteen months and not more than twenty-four months, from the earliest effective filing date claimed" (which may, in certain instances, be the date of the preliminary application) and, after such publication, any member of the public may write the Patent Office in confidence calling attention to pertinent prior art. After this has been done, the application is re-examined in the light of information so transmitted to the Patent Office. If any person shall notify the Commissioner within three months after publication, or within such longer time as the Commissioner appoints, but not more than six months after publication that "(1) the invention claimed in such application was in public use or on sale prior to the effective filing date of the application, or (2) the inventor named in such application did not himself invent the subject matter sought to be patented", then proceedings may be set up to determine the matter. It is the belief of the IMA Patent Committee that this procedure of publication in advance of the allowance of any claim amounts to a transference of a part of the work of the Patent Office to the public; that it would vastly increase the expense of securing patents and that, in essence, it constitutes a partial adoption of opposition proceedings which have been adopted in certain

foreign countries and have been found to be very expensive and time-consuming. Furthermore, if the Examiner should not agree with the citations as to which it is notified by any member of the public and should nevertheless issue the patent, the public would be barred (as a practical matter) from urging those citations in court, since courts do not give great weight to citations which have been before the Patent Office. The IMA Patent Committee was unanimous in opposing publication procedure as set forth in S. 1042, Section 123 and 136, but feels that there might be some merit to a publication system *after* the allowance of a claim or claims in the application. Even then, it was recognized that the institution of such a publication system would add greatly to the cost of obtaining United States Letters Patent.

(d) *Extension of the Definition of "Prior Art" and Elimination of the "Year of Grace".*—Section 102 of S. 1042 provides that "a person shall not be entitled to a patent if (a) prior to the effective filing date of the application, the subject matter sought to be patented was known to the public, or made available to the public by means of a disclosure in tangible form, or in public use or on sale, * * *". This provision eliminates the so-called "grace period"—under the present statutes, a period of one year in which the inventor may try out his invention—since prior art to defeat the invention needs to have been in effect only on a date "prior to the effective filing date of the application". These provisions also make effective as "known to the public" prior use or prior publication anywhere, even in a remote country having a little understood language and in accessible geographically. For example, were it to be established that the invention had been in public use in Tibet "prior to the effective filing date in the United States", that knowledge by the public would defeat the application for patent or the patent granted to a citizen of the United States. The IMA Patent Committee is unanimously opposed to this elimination of the present "year of grace" permitted to American inventors under the existing Patent Laws.

(e) *Determination of Patent Fees by the Commissioner.*—Section 41 of S. 1042, sub-section (a), provides as follows:

"(a) The Commissioner shall prescribe by regulations the fees to be paid in connection with the filing and examination of patent applications, the issuance of patents, and other matters set forth in this title as requiring a fee and for copies of records, publications or other services furnished by the Patent Office, designed to effect an overall recovery in the range of 65 to 75 per centum of the costs of operation of the Patent Office."

The IMA Patent Committee believes that the amount of the fees to be paid should be specified by the Congress. It is unanimously opposed to the uncontrolled provision that the one who fixes the fees may, if desired, increase those fees to effect "an overall recovery * * * of the costs of operations of the Patent Office", since those costs likewise are under the control of the same individual who fixes the fees. In the opinion of the IMA Patent Committee fixing of fees should remain a function of the Congress.

(f) *Filing of Application by Assignees as Well as Inventors.*—The IMA Patent Committee is in general accord with the provisions of Section 111 of S. 1042 insofar as they provide that "an application for patent may be filed by either the inventor or the owner of the invention sought to be patented" so long as the remainder of the provisions of Section 111 require that an oath of the inventor (or inventors) be filed containing the averments usually required. It is believed that enactment of a provision as generally outlined in the quoted portion preceding would tend to reduce expenses and eliminate complication encountered under the present laws. The IMA Patent Committee approves of this provision in principle.

(g) *Definition of the Life of a Patent.*—Section 154(b) of S. 1042 provides as follows: "(b) The term of a patent shall expire twenty years from the date of filing the application in the United States or, if the benefit of the filing date in the United States of a prior application is claimed, from the earliest such prior date claimed. In determining the term of the patent, the date of filing any application in a foreign country which may be claimed by the applicant shall not be taken into consideration."

If provisions are made to shorten interference proceedings as suggested above, subject to the further provisions of Section 154 that where applications are placed in secrecy and the time that they remain secret shall be added to the twenty years, the IMA Patent Committee approves of this provision.

The foregoing constitutes a report of the matters considered by the IMA Patent Committee on February 28, 1967. These studies were continued and a further report follows.

The IMA Patents and Trademarks Committee held a second meeting on March 21, 1967 for the purpose of reviewing previous recommendations and considering those additional provisions in S. 1042 which appeared to be of interest to manufacturers and inventors.

At this meeting, additional arguments were presented *in support* of the recommendations of disapproval of Sections (a) and (d) which may be summarized as follows:

Under the "first to file" system, the U.S. manufacturer would lose his present advantage in an interference with foreigners. At the present time, while we presume that the first to file is the inventor, we give the actual inventor the opportunity to rebut that presumption by showing earlier conception, diligence and possibly an actual reduction to practice. If a foreigner, under the present law, filed on January 1 and the U.S. manufacturer filed on January 3, the U.S. manufacturer could still prevail if he could show such conception and diligence—which must be in the United States—prior to January 1. This ability to rebut the presumption that the foreign, earlier case should be entitled to the patent would be eliminated by the proposed legislation.

In addition, giving the foreigner the opportunity to conjure up evidence which would invalidate a United States patent might very seriously damage American manufacturers. If the Japanese, for example, wished to invalidate a United States patent on a process or a machine, all they would have to do, under the proposed bill, would be to show "use" of such a process or machine in one of their factories prior to the effective filing date of the U.S. case. It is really rather difficult to visualize the full harmful impact which this might very well have on manufacturers in Illinois and elsewhere in the United States.

CHAPTER 18, SECTIONS 191-194: DEFERRED EXAMINATION

The Committee first gave careful consideration to those provisions of Chapter 18 of S. 1042 relating to deferred examination. These provisions follow procedure now being experimentally followed in Holland and one as to which we have no experience in the United States. The IMA Patents Committee is opposed to enactment of this legislation and believes that the experience in foreign countries should be observed at considerable length before instituting this drastic change. The Committee does feel that the British system of limiting the length of time for prosecution of a patent application might be an acceptable alternative.

CHAPTER 25, SECTION 251: PROHIBITION AGAINST BROADENED REISSUE

The Committee considered sub-section (c) of Section 251, Chapter 25 of S. 1042 which provides that no reissue patent shall be granted enlarging the scope of the claims of the original patent. The IMA Patent Committee is opposed to the enactment of sub-section (c) since it would work to the distinct disadvantage of the individual inventor or small company whose original patent may have been improperly drawn and not afford protection for the real invention. It is believed that existing laws as to intervening rights properly protect the public under the present laws which give limited rights to secure broadened claims by reissue.

CHAPTER 25, SECTION 257: PROVIDING FOR REVOCATION OF PATENTS

The IMA Patents Committee is opposed to this legislation in that it would arrogate judicial functions to an administrative body, provide a vehicle of harassment of inventors of limited financial means and tend to force such inventors to grant licenses under distinctly unfavorable terms even though the invention is of great importance. It was pointed out that *no country* has provisions similar to this and that enactment of this provision would greatly increase expenses and lessen the value of patents.

CHAPTER 28, SECTION 273: UNAUTHORIZED PRACTICE OF SUBJECT MATTER PRIOR TO ISSUANCE OF PATENT

The Committee is opposed to this provision of S. 1042 since it would appear to provide a basis for some form of compulsory licensing which has long been opposed by the Illinois Manufacturers' Association. Although disapproving this

provision, the IMA Patents and Trademarks Committee feels that legislation might be enacted providing some form of reasonable interim protection running from the date of approval of allowable subject matter and not necessarily limited to damages.

CHAPTER 13, SECTION 148: PRESUMPTION

This section provides for a presumption of correctness in Patent Office decisions and, in the opinion of the IMA Patents and Trademarks Committee, would provide reviewing authorities with a chance to merely "rubber stamp" Patent Office decisions, thus lessening the overall opportunity for the inventor to secure adequate protection as provided by the present laws.

It is believed that changes in our Patent Laws as represented by S. 1042 are far reaching and so opposed to the interests of American inventors and manufacturers and to the public generally as to warrant the taking of a definite stand by the Illinois Manufacturers' Association. Many Bar Associations and Patent Law Associations have already voiced opposition to the provisions referred to in Sections (a) to (e) inclusive of this report on the ground that instead of decreasing costs in securing patent protection, they will have the practical effect of greatly increasing such costs without corresponding benefits.

The American Patent System, although it has flaws, has contributed to and spurred on technological progress unsurpassed in any country during the last century. It is the opinion of the IMA Patent Committee that provisions of our Patent Laws which have proved to be generally successful in accomplishing their desired purpose should not be cast aside in favor of practices in Europe and other countries merely for the sake of uniformity.

It should also be observed that, in the opinion of the IMA Patent Committee, the institution of changes proposed in S. 1042 would add greatly to the cost of operations of the Patent Office and add large numbers of additional Government employees to the Patent Office staff.

The foregoing position, developed from detailed study of the Patents and Trademarks Committee of the Illinois Manufacturers' Association, was unanimously approved by members of the Board of Directors of the Illinois Manufacturers' Association at their regular meeting April 14, 1967.

(The following letters were received by Senator Lausche and at his request are inserted in the appendix:)

DAYTON, OHIO, *March 17, 1967.*

HON. FRANK LAUSCHE,
*Senate Office Building,
Washington, D.C.*

DEAR SENATOR: Although the practice of this firm does not encompass the patent field, many of our clients are constantly involved in the securing of new patents and protection of old ones. We have worked closely with patent lawyers on a number of these matters, and have been aware for a long time that some improvements in the granting of a patent was long overdue. It is my understanding that the proposed bill will conform closely to the system followed by other countries.

However, it is also my understanding that the bill fails to incorporate certain features that countries using this system have found by experience are desirable and necessary; such as:

1. Affording protection to third parties who, prior to the date of filing the patent, were using, preparing to use, or who had done extensive research work on their own. They could be denied the right to continue by a later filed applicant.
2. Allowing a grace period of six months or a year of commercial proving by the applicant in order to perfect the invention before filing.
3. Providing adequate procedures against the grant of a patent to one who derives ideas from another and files an early application before the other has done so. Unless corrected this could encourage industrial espionage and piracy.

UNDESIRABLE FEATURE

4. Complicates foreign filing in that it provides for preliminary applications that are not examined, to be followed by a complete application within a year so that the complete and all foreign applications would have to be

filed at the same time and prior to any indication of what action the U.S. examiner would take.

5. Provides for recall of the patent within three years of its grant on the basis of prior art supplied from third parties so that the patentee would not know what he had until after that period.

6. Assumes the correctness of any rejection by the Patent Office, increasing the burden on any Patent Office appeals. Examiners are skilled in patentability but have almost no practical experience and cannot be presumed to have as much knowledge of the technology as one skilled in the art.

I would urge you to insist that this matter not be pushed so rapidly that the law will not be in a form in which the rights of inventors, business, and the public are properly protected.

Very truly yours,

PICKREL, SCHAEFFER & EBELING.
BRADLEY SCHAEFFER.

BORG-WARNER PLUMBING PRODUCTS,
Mansfield, Ohio, March 27, 1967.

HON. FRANK J. LAUSCHE,
New Senate Office Building,
Washington, D.C.

DEAR SENATOR LAUSCHE: I want to take this opportunity to thank you for the fine cooperation you have given my letters on past correspondence. The above subject now up for consideration as a result of the report prepared by the President's *Commission on patent systems and the above bill seems to be getting the rush act in Congress*. President Johnson has told the Congress that this legislation would:

1. Raise the quality and reliability of U.S. Patents:
2. Reduce the time and expense of obtaining and protecting a patent; and
3. Speed public disclosure of scientific and technological information.

These are worthy objectives, however, *the legislation now being pushed through Congress will not accomplish these objectives. If enacted, it will increase the expense to all manufacturers of obtaining patents. At the same time, the quality and reliability of patents would be lowered, not raised.* Furthermore, *this legislation would give foreign manufacturers advantages, from the patent standpoint, in our country which they do not have under the present law.*

It is not advisable for the United States to make the changes in its patent laws which are now being suggested by President Johnson. *It is my understanding that brief hearings have been set and will be conducted by the House during April and the Senate in May.* It would be extremely unfortunate if these changes are "steamrollered" through the Congress without careful analysis of the consequences.

We ask that you give special attention to this legislation so that the above mentioned disadvantages do not occur because of hurried attention to get these two bills passed.

Respectfully yours,

F. W. FENNELL.

P.S.—You may be interested to know that the fees paid to the Patent Office have already been substantially increased in the last two years. The average fee per application in one company increased from approximately \$62.00 to \$229.00 within the last two years. In addition, the assignment fee used to be \$3.00 but now is \$20.00. These fee increases are modest in comparison with the increased costs that would result from this patent legislation.

F. W. F.

DOYLESTOWN, OHIO, March 31, 1967.

HON. JOHN M. ASHBROOK,
House of Representatives,
Washington, D.C.

DEAR MR. ASHBROOK: As a new resident of your district, we are writing to solicit your *opposition* to President Johnson's so-called Patent Reform Act of 1967.

I do not have the number of the House version of this Bill, but the corresponding Senate Bill is S-1042.

The patent system is in fact in need of some "reform". Unfortunately S-1042 does nothing to correct the present problems and, in its radical proposals, is likely to greatly aggravate them. S-1042 does not fulfill *one single objective* which the President's transmittal letter cites as its purpose.

If S-1042 passes, the adverse effects on the independent and small business firms (like those around Orville and Wooster) will be most significant. The additional costs of these new proposals may well make it prohibitive for these firms to engage in any patent work. The costs to large companies will be bad enough even though these outfits probably could adjust to the new system.

I have more than nineteen years experience in patent work, and at present I am employed in the Patent Law Department of The B. F. Goodrich Company in Akron (to which I commute each day). B. F. Goodrich is *big* business. I also privately represent several small firms and individuals and therefore have a chance to see their side of these problems too. The opinions expressed in this letter are informed ones, we believe.

It shouldn't be necessary to disclaim "self-interest" but it is a fact that my economic position isn't going to be affected in *any special way* by passage of this Bill, other than to improve it, possibly. Actually we expect this Bill to increase the work (uselessly, but nevertheless increase it) astonishingly. The point is that this Bill should be opposed, simply because it is not good for the country.

One curious aspect of this Bill is the haste and pressure with which the Administration is promoting it. We are told that this Bill is *going to be passed and in this session*. The present patent system has served the country well for 130 years. We would suppose that at least a year or two of study would be helpful before adopting the radical proposals of S-1042. Moreover, it is difficult to imagine an area where there are fewer political purposes to accomplish than in patent litigation. Therefore, we are at a total loss to understand the great pressure to pass this Bill.

Frankly, we are sick and tired of government by "decree", and this Bill seems to be another example of that trend.

I have participated in the studies made by the Cleveland Patent Law Association in analyzing the effects of this Bill, and would be pleased to obtain for you the position paper which is being drafted. Similar (although independent) papers are being prepared by the American Bar Association, the American Patent Law Association, and other regional associations. Please let me know if you would be interested in any of this material.

Finally, I would welcome the opportunity to discuss this personally with you—either in Akron, Wooster, or Washington, as you prefer. In any event, we are convinced you would best serve the interest of the 17th District and the United States as a whole by opposing this legislation in its present form.

Very truly yours,

JOHN D. HANEY.

HAWGOOD & VAN HORN,
Cleveland, April 3, 1967.

HON. FRANK J. LAUSCHE,
New Senate Building, Washington, D.C.

MY DEAR SENATOR LAUSCHE: The undersigned has practiced before the Patent Office for over 45 years and before the Federal Courts for over forty years specializing in patent causes.

He has read this proposed legislation and is shocked by the destructive effects it will produce on incentive and free enterprise of the individual, as well as of industry.

It is indeed strange to note that the President admits in his transmittal letter to the Congress dated February 21, 1967 of the Patent Reform Act of 1967 that the present patent system "has played an indispensable role in stimulating the Nation's progress and prosperity"; "has spurred the creative work of inventors and scientists"; "has fostered the most far-reaching technological advances in the history of civilization" and "has helped American businesses to translate 'the fire of genius' into the products and processes that have enriched the lives of all of us."

What is the motive for destroying the present patent system, either by substi-

tution of another law or by weakening the present laws, under which private initiative and industrial progress have flourished?

A law more destructive of an inventor's rights as proposed in this Bill would be difficult to conceive.

It is urged that you vigorously oppose this proposed legislation in its present form, in view of the reactions to the Bill set forth on the attached page, and particularly in view of the following:

1. It does not assure to the inventor a right in any subject matter disclosed for the benefit of the public;

2. Technological advance should be evaluated by those competent to pass judgment on facts of technology;

3. Legal protection of the invention should be commensurate with the scope of the advance made as determined by technologists;

4. The Bill should provide for correction of errors when necessary to assure adequate patent protection;

5. An opportunity for commercial practice of the invention should be provided for through an extension of the period or amount of protection sufficient to this end; and

6. The opportunity for competitors to examine and appropriate a published invention without prior identification and notice to the inventor has no place in our patent system.

I solicit your valuable help in this connection.

Very respectfully yours,

ANTHONY H. VAN HORN.

RE S. 1042

Under this Bill, the Government may publish an invention on which an application for patent is made, for use by anyone and then deny any right in it at all to the inventor. Under Section 136, a competitor could take the published invention and then oppose the inventor's right to protection on his invention.

Under this Bill, an applicant is required to prove that an invention is patentable (Section 148).

Under our present laws, a patent which is defective because of inadvertence, accident or mistake wherein, through no fault of the inventor, the invention claimed was less in scope than that to which he was entitled, may be remedied by applying for reissue of the defective patent within two years from the filing date of the original patent. The proposed legislation takes this benefit away from the inventor (Section 251(c)).

Even though an inventor might secure allowance of his application, his problems are still not over. For example, through no fault of the inventor, the inventor or his attorney may not have clearly understood all the possibilities of the invention, or to see years ahead to correctly forecast its future applications. As a result, the claims may inadvertently be restricted in omitting an important protection of the invention. Such a failure would be fatal under the proposed Bill.

Another obstacle appears in Section 257. At any time within three years, either a competitor or the Government itself may request that the patent or a claim therein be canceled which, of course, obligates the inventor-patentee to defend the patent against such an attack. Where appeals are provided for, it goes without saying that an additional burden and expense is placed on the applicant-patentee, with accelerated uncertainty with respect to his chances of success.

The Patent Office may defer examination of the application but a request may be made by the applicant or by a *third party* for such an examination and if the third party's request is granted, *it would be anonymous* so that the applicant will not know who was interested in his invention. Why should this knowledge be withheld from the applicant? This kind of procedure would hardly benefit the applicant since the patent under this proposed law dates from the filing date and opens up to competitors and the public the invention with no assurance of protection to the applicant.

The above noted obstacles discussed herein which must be overcome by an attorney will increase prosecution costs and delay.

Another dangerous aspect of the proposed legislation is to require our patent system to conform to those of foreign countries.

PESCO PRODUCTS,
Bedford, Ohio, April 7, 1967.

Hon. FRANK J. LAUSCHE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR LAUSCHE: I have recently become aware of legislation introduced in both the Senate and House of Representatives concerning the over-all revision of our patent laws: namely, S. 1042 McClellan and H.R. 5924 Kastenmeier.

I am quite alarmed at the sweeping changes that are proposed to a system that has been in existence for many years. While there are undoubtedly some changes that can and should be made to the patent laws, it seems that we have gone overboard in the present case. It is my understanding that the supporters of this legislation state that the quality and reliability of U.S. patents will be raised, that there will be a reduction in the time and expense in obtaining and protecting a patent, and that there will be speedy public disclosure of scientific and other technological information.

Although these objectives are worthwhile and desired by all of us, the proposed legislation in fact will not accomplish those objectives its supporters claim. The cost of obtaining patents will be increased if this legislation is made law, and the reliability and quality of patents which do issue will be lowered instead of raised. In addition, foreign manufacturers would obtain advantages to the detriment of domestic manufacturers which they do not now have.

I strongly urge you to thoroughly investigate all facets of the proposed legislation in order to protect the interests of the American manufacturer, the American inventor and the American public.

Sincerely,

D. R. SPOTZ.

WARNER-MOTIVE,
Wooster, Ohio, April 10, 1967.

Senator FRANK J. LAUSCHE,
Senate Office Building,
Washington, D.C.

DEAR SENATOR LAUSCHE: The management of Warner-Motive Division of Borg-Warner Corporation is very much concerned over pending legislation S. 1042 McClellan.

We agree the bill has worthy objectives, however, we are convinced this pending bill will not achieve these objectives. To the contrary, we feel this legislation would.

1. The quality and reliability of patents would be lowered.

2. Would give foreign manufacturers advantages from the patent standpoint.

3. Would increase our costs to obtain patents.

We do not feel this bill is in the public interest and request full and complete hearings be conducted before any changes are made in our patent laws in order that all consequences of changes are fully understood.

Thank you for your attention to this matter.

Sincerely,

PETE RISSER,
Personnel Manager.

ARLINGTON HEIGHTS, ILL., June 5 1967.

Hon. JOHN L. MCCLELLAN,
Senate Office Building,
Washington, D.C.

DEAR SENATOR MCCLELLAN: Thank you for your letter of January 26, 1967 concerning my proposed amendment to existing statutes with respect to practice before the Patent Office.

In your letter you indicated that since Congress would later consider the general revision of Title 35, you did not believe it was appropriate to consider the matter presented in my previous letter. However, since you are presently considering the Patent Reform Act of 1967, S. 1042, the time is now ripe to consider my previous proposal.

The essence of my proposal is to give the right to attorneys to practice before the Patent Office. As you know, the present law, as well as the proposed Patent Reform Act of 1967, gives the Patent Commissioner administrative power to prevent attorneys from practicing before the Patent Office.

I have had six years of continuous experience in drafting patent specifications and claims and preparation of amendments under registered Patent Attorneys and I am also a member of the Bars of the State of Illinois, State of Ohio, and the Federal District Court of the Northern District of Illinois. I also have a Bachelor's Degree in Chemistry. Despite these qualifications the Patent Commissioner still has denied me the right to personally represent others before the Patent Office. The Patent Commissioner has also refused to let me see my examination papers or to give me any hearing on the matter whatsoever. This is a discriminatory practice which, in all fairness, should be remedied by law by amendment to S. 1042 and by removal of the exemption provided in P. L. 89-332 for the Patent Office.

I hope you will do everything in your power to remove the present unjust restriction upon attorneys.

Very truly yours,

SCOTT J. MEYER.

AMERICAN COUNCIL ON EDUCATION,
COMMISSION ON FEDERAL RELATIONS,
Washington, D.C., May 17, 1967.

HON. JOHN L. MCCLELLAN,
*Chairman, Subcommittee on Patents, Trademarks and Copyrights, Committee on
Judiciary, U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: Your committee has under consideration S. 1042, the Patent Law Revision bill. This bill does not for the most part affect the interests of higher education, and so we have not asked for an opportunity to testify before you.

There is, however, one provision in the bill which does concern us. I hope very much, therefore, that our views may be made a part of the record and that you and your subcommittee may give them serious consideration as you mark up the bill.

I am enclosing a memorandum indicating our concern.

Sincerely yours,

JOHN F. MORSE,
Director of the Commission.

SPECIAL PROBLEMS FOR UNIVERSITIES INDICATED BY THE PROVISIONS OF THE
PATENT LAW REVISION BILL, S. 1042

The proposed bill carries out a number of recommendations made in the December, 1966 report of the President's Commission on the Patent System. A major feature is the elimination of the one-year grace period provided by present law for filing a patent application. The proposed legislation provides instead for a preliminary application, whose date, if followed within one year by a complete application, becomes the recognized filing date of the complete application.

Priority is thus given to the first person to file, replacing the present system under which interference proceedings may be initiated by anyone who can prove earlier conception.

The patent system as a whole involves industry to a much greater extent than it does educational institutions. Since the circumstances in universities often differ materially from those in industry, it is important that the special problems of the universities be made known. These may be summarized as follows:

1. Educational institutions publish more than they patent. The proposed system would require review of all materials prior to publication in order to protect patentability. This situation does not prevail in the industrial community where the emphasis is primarily on patents rather than on publication. Furthermore, many inventors in the academic community are unaware of the patentability or the potential commercial value of their discoveries and are likely to publish material that will, as a result of publication, become ineligible for patent. Even those universities that do not normally seek patents are seriously concerned that Federal agencies, in their role as sponsors of research programs, may insist upon a review of reports prior to publication in order to protect the Government's

patent interest. There would thus result not only a delay in publication but an interference with the principle of freedom of publication which has long been a cornerstone of Government-university relationship.

2. University research laboratories tend to be considerably more open than those in industry. Conceptions not yet demonstrated to be workable or reduced to practice are thus more readily available to outsiders.

If priority is given to the "first to file" rather than to the person who can demonstrate earlier conception, the difficulty of protecting patentability is immeasurably increased. The present system permits dissemination of information as part of the normal process on the campus during the "thinking out" period.

3. The present one-year period enables the inventor to develop the potential applications of his discovery that form the basis of the claims cited in the patent application. These are often not apparent at the time of conception. Yet paragraph 120(a) (2) of the proposed legislation requires that all claims be disclosed in the preliminary application. This requirement, which seems to conflict with the recommendation of the President's Commission that the preliminary application be subject to "minimal requirements," is likely to affect universities more than industry because of the more diffuse, fundamental nature of their research activity.

In summary it appears that elimination of the grace period would not accomplish the purposes ascribed to it by the President's Commission, at least in the university environment. Since academic scientists strenuously oppose any restrictions on their right to publish and frequently are unaware of patent possibilities, it is doubtful whether the proposed system would result in prompter disclosure. And since all patentable aspects must be cited in the preliminary application, these applications would require careful study and the assistance of patent attorneys. It is therefore doubtful whether the cost of obtaining priority would be materially reduced. Total patent expenses would probably be increased because of preliminary applications filed for conceptions that turn out during the following year to be unworkable.

It is therefore strongly recommended that the grace period for filing patent applications be retained, at least for nonprofit educational institutions.

There is one additional problem with which the universities are concerned even though they realize that the problem does not affect them uniquely and will have implications in the industrial as well as in the academic community. The provisions on revocation, as outlined in paragraph 257 of the proposed legislation, permit the challenge from any person of any claim made under an issued patent within three years after issuance of the patent. Under this proposed system, the burden of proof is always on the inventor, even up to three years after the patent is issued. With this arrangement, those companies with entrenched areas of patent coverage will be encouraged to cite references (some of which will require adjudication as to their pertinence) in order to reduce the influence of an outsider in their patent domain. The effects will involve at least as much expense and as much delay as the present interference proceedings.

NATIONAL SCIENCE FOUNDATION,
OFFICE OF THE DIRECTOR,
Washington, D.C., May 26, 1967.

Hon. JAMES O. EASTLAND,
Chairman, Committee on the Judiciary,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in further reply to your letter of March 21, 1967, requesting the Foundation's comment's on S. 1042, a Bill "For the general revision of the Patent Laws, title 35 of the United States Code, and for other purposes."

I was a member of the President's Commission and although I personally did not take part in the Commission's deliberations, my designees did and kept me generally informed of its work. In my opinion S. 1042 is a sound embodiment of the bulk of the Commission's recommendations and many of its differences are, in my opinion, improvements. I therefore wholeheartedly endorse the Bill.

In particular, I strongly favor adoption of those provisions of the Bill which would accelerate the public disclosure of new devices and processes because circulation of new technological information strongly stimulates additional effort

and additional technological advance. Adoption of the first to file doctrine embodied in Section 102 is one such provision. Both the probability and the unfavorable consequences of being excluded from the use of his invention by a more agile applicant would be a very strong incentive indeed to initiate patent action without loss of time after conception of an invention. The provision in Section 123 for publication of applications after a limited period, even though a patent has not yet been issued, would be another means of assuring disclosure of new concepts far more promptly than under the present patent system in which the invention covered by a patent application may not be published for many years after it was actually made. Assurance that a de facto monopoly cannot be unduly extended by delaying issuance of a patent is found in Section 154(b) of the Bill which measures the life of a patent from the effective application filing date rather than from the issuance of the patent. All of these provisions seem to me to be sound and well calculated to maintain and increase the vigor of our technological advance.

However, I should like to call your attention to a provision of the Bill which is statistically insignificant, but which can be magnified out of proportion by opponents of the Bill. This is Section 102(b) which as presently written would enable two or more applications covering the same invention filed on the same day to prevent the issuance of any patent. This results from the statement that prior art includes a published application or patent having an effective filing date "on or before" that of any other application on the same invention. I hope that some way can be found to avoid such a drastic result with equity for all applicants.

The Bureau of the Budget has advised that it has no objection to the submission of this report and that enactment of S. 1042 would be in accord with the program of the President.

Sincerely yours,

LELAND J. HAWORTH, *Director.*

WAYNE, MAINE, May 26, 1967.

HON. JAMES O. EASTLAND,
Chairman of the Committee on the Judiciary,
U.S. Senate, Washington, D.C.

GENTLEMEN: AS I regret that I am unable to attend the hearing in regard to S. 2 relative to the issuance of patents, the following tells the situation as I see it and as it relates to me.

I invented an educational device which, on trial, indicated that it can substantially increase efficiency in education as well as reduce the costs in many instances. I applied for a patent on the basic device and was turned down as being obvious.

Later, in connection with an accessory, I talked with some members of a firm well known in research and development. They said, "no problem at all. Regile the application. We have never been turned down as being obvious."

But when I contacted my patent attorney, he advised that publication of a copyrighted brochure on a method of education I had devised, and of which the device was a part, would prevent my filing an application. This brochure contained a cut showing a picture of the device and a statement that a patent had been applied for.

Since I owned all the rights in connection with this copyright, it did not seem fair to me that I should be prevented from refiling my case on account of it. I therefore wrote to Senator Smith explaining the situation, and she was kind enough to introduce S. 2 as a remedy.

Following is an explanation in more detail:

Relative to educational methods, I had long felt that the "True or False" and "Multiple Choice" methods were the antithesis of good education when used as a means of examination. This is because a basic method by which a student learns is by association. In "True or False," the chance of incorrect association is 50 percent; in "Multiple Choice" it is greater. That is to say, by incorrect associations, you may be teaching students exactly what they shouldn't learn. The only favorable factor is that such examinations are easy to correct. It did not seem to me, however, that I should criticise unless I could come up with something better.

After considerable work, I came up with a device that would enable a student to answer written questions and compare his written answer with an approved answer without being able to change his own answer. Then, if his own answer

was correct, his understanding was reinforced by the approved answer. If his answer was incorrect, he could correct it at once before the wrong answer became imbedded in his mind.

If his answer was different from the approved answer tho he believed it to be correct, he could reconcile the two answers, or make such other explanation as he saw fit.

This was accomplished by providing a space for correction or analysis. Among the advantages of this is that the student has to think when he compares or reconciles his answer. In thinking, he will have the correct associations and will therefore remember the correct answer better. My device tries to provide 100 percent comprehension of a subject rather than just 70 or 75 percent frequently required as a passing mark.

The questions, student's answers, approved answers and corrections are all on a scroll. When a scroll has been removed from the device, the teacher unwinds and examines it. Places where the student has had difficulty are obvious because the corrections and reconciliations are all at the bottom of the scroll and stand out clearly.

By allowing the student to correct his own work, the work of the teacher is greatly reduced. Even more important, the teacher can concentrate on those portions of the subject in which the student has been having trouble. As just noted, these portions stand out clearly.

I tried out the device in a course in Elementary Algebra at the Leeds Central School. The students liked it. The teachers liked it. And the retention of their understanding of the subject by the students was good a year later.

As the examining and instructing machine was a part of a method of instruction on which I wanted copyright protection. One of the brochures contained a picture of my machine by way of explanation. In obtaining the copyright, there was the minimum publication by sale of a single copy as there was no need for extensive publication at that time. Incidentally, all of the remaining copies were lost in storage except for a single copy I lent to Colby College and another single copy in my files.

Will you therefore please give consideration to the passage of S. 2 so that it will remove the technical block to the refiling of my application for a patent.

Respectfully yours,

JOHN R. PERKINS.

ROTOFLOW CORP.,

Los Angeles, Calif., May 17, 1967.

HON. JOHN L. MCCLELLAN,
Capitol Building,
Washington, D.C.

DEAR SENATOR MCCLELLAN: I will appreciate your time to hear my following considered thoughts on the proposed Patent Reform Act.

To introduce myself, I have had issued to me about thirty patents over the last thirty years, and am currently president of a small corporation based on my inventions.

As an example of one of my early inventions: stimulated by the existing system, the thousands of compressors in the Oakridge Uranium 235 Diffusion Plant was possible because of the shaft seals of my invention. (This invention in still one of its few well-kept secrets.)

We all agree that improvements in the patent office procedure are desirable, and indeed many have been made in recent years. I believe our patent office already is by far the best in the world—much better than some, such as France, from which a portion of these proposed "improvements" have apparently been copied.

In particular, and briefly stated, the following are some of the dangers I see in the proposed reform act.

1. It would eliminate the one year after "publishing" or "commercial use" now allowed for the filing of a patent application, and it would require the filing to be done before knowledge of the invention becomes available to the public.

2. The first to file would get the invention, not necessarily the original inventor, thereby causing a "race" to the patent office.

- 2a. This also implies that improvements to an invention, which frequently follow in quick succession once the original idea is conceived would need to

be filed as additional applications, and thus the applications would be in poor form and expensive.

3. It would make public use anywhere in the world, even one day before the filing date, a cause for invalidating a patent.

4. It would require complete publication of the patent application within two years, even though the question of issuance of the patent is not settled. (A patent might not be issued at all and then the inventor would be robbed of the possibility of maintaining secrecy of his work. It would also be impossible to file any division or continuation of his application after final litigation and issuance after this two years.)

5. It would permit anyone to attack a patent application (after publication in two years) and the applicant could not learn the opposers name.

6. It would make the applicant's defense problems quite burdensome because he would be obliged to show the examiner that his invention is new and patentable instead of the examiner drawing on convenient patent and other literature to answer the question as at present.

7. It would invite any citizen to attack the validity of a patent within three years after publication without the attacker revealing his identity.

7a. There would be no limit to the number of attackers.

8. It would provide many avenues for litigation such that an ordinary inventor like me, should he make an invention of substantial value, could expect expensive litigation, which he may not be financially prepared to resist. Thus, it would mostly be patents of low or negligible value that he could expect to successfully retain in his ownership and control, because in the case of a coveted invention, strong advisories could without their identities being revealed harass and exhaust the inventor and get the invention nullified or at least softened up for easy purchase.

The hope in the mind of the average inventor is that he will originate something of great value to society, and get remuneration and recognition for himself, and it drives him on to great effort and sacrifice. This "Reform" Act seems to offer a high probability that if he actually should invent something of great value, it would be taken away from him. This is the most un-American thing I can think of that has threatened this country, the progress of which has been based on the inventiveness of its people, stimulated by the very real prizes that have been available to them and protected in a grand way by the patent office.

If this act should pass it seems to me it would turn the patent office largely over to the financially strong, and all but undermine the rewards for those who strive their hours away in their efforts to create something better for society and for themselves.

An employee of a large company who invents something usually does so as a result of being "at the right place at the right time", namely, working on an advanced phase of a large project using expensive equipment or preparations. His invention is usually clear-cut. He writes a disclosure, thereby establishing the "conception" date and the inventor. This then goes to the company patent department, which could file it in a day or within a few days.

The proposed "Reform System" it appears, would not too seriously affect the large companies, and probably would favor them in several ways.

I will be willing to come to Washington or anywhere else on short notice at my own expense to help you or the Congress or any committee or part of it in deliberations of this proposed act.

I would like for you to consider this letter and make it a part of the record of the proceedings of your subcommittee on this bill.

Please let me hear from you.

Respectfully yours,

JUDSON S. SWEARINGEN.

HOUSTON, TEX., March 31, 1967.

HON. JOHN L. McCLELLAN,
Chairman, Subcommittee on Patents, Trademarks and Copyrights,
U.S. Senate, Washington, D.C.

DEAR SENATOR McCLELLAN: Lying on my desk is your letter of April 30, 1965, addressed to members of the Patent Office Bar and asking us for recommendations on changes in the patent system in view of your subcommittee's assignment to make a general review of the patent system and the administration of the Patent Office. Attached to your letter are a number of my longhand notes which

I prepared shortly after hearing from you, but I am ashamed to admit that I laid these aside without completing a response and forgot them until just recently. I must confess that I am one of those who left it up to the other fellow. Other patent attorneys tell me that many of them did the same thing and that the response to your request was very meagre, so I feel that I have failed you doubly, both individually and as a member of the unresponsive patent bar.

Hoping that it may not be too late to make at least partial amends, I am going to give you my belated recommendations together with my comments on the proposed new patent law. Just in case you want a little background. I am 47 years old and have been practicing as a patent solicitor for 12 years—and before that I worked as an electrical engineer in industry. For the past 6½ years I have divided my working hours between a small private practice and a salaried job as patent counsel, both devoted largely to patent soliciting. My corporate employer will make its position known to you directly, so I am leaving its name out of my comments. My one prior patent job involved solicitation of patents for the government in the field of nuclear and thermonuclear reactors.

First of all let me say that after having had 2 or 3 weeks now to digest it I consider the bill to be a very good one. There are some very major changes in it, some of which at first aroused violent reaction in me, but I now believe that most of them are desirable and should become law. *The elimination of the grace period* will have an immediate and far-reaching effect on all of my clients' present patent practices, and will undoubtedly make considerably more work on the part of both inventors and patent attorneys. Nevertheless I believe the change to be desirable because it will harmonize our system with those of a great number of foreign countries whose laws are similar. Many businessmen are not aware that in such countries no valid patent can be obtained if there has been a single publication or public use or sale anywhere in the world, and harmonization should help to prevent the unhappy result of their not becoming aware of this fact until it is too late. Many of my fellow patent attorneys argue that our patent system at present is the best in the world, and that the other countries should change to conform to our system, but I think that this is unrealistic. They are on firmer ground in pointing out that eliminating the grace period and adopting the "first to file" rule will increase the costs to all applicants, as the typical procedure that most will adopt is to file a preliminary application, then a complete application, and finally a continuation-in-part. Each will require Patent Office fees, not to mention attorneys' fees, and there will also be a publication fee and an issue fee, plus extra fees for any contest, re-examination or appeal. Would remission of such fees based on a pauper's oath be in order for the destitute inventor? Wouldn't the public interest even justify payment of attorney's fees by the government in extreme cases?

My other general comment on the bill is that in my opinion it does not go far enough in some respects, or omits some changes I believe would be desirable improvements. To shorten the length of this letter I am going to give you my specific comments on such points in capsule form, together with my comments on the other major changes.

1. *Provision for a permanent Advisory Council for continuous study of the efficiency of the patent system.*—This is highly desirable and long overdue.

2. *Authority in Commissioner to set fees for 65-75% recovery of costs of operation.*—This, too, is good, and should save periodic tumult about raising fees through new legislation.

3. *Provision for "preliminary" applications.*—This is almost a necessity in view of the elimination of the grace period. My one concern is that the sections authorizing these are somewhat vague as to what should go into a preliminary application. I would change subsection 111(c) to read:

"(c) A preliminary application containing a written description of an invention and otherwise complying with subsection (a) may be filed. Such application need not contain any claims, but shall include such written description and formal or informal drawing as may be necessary to an understanding of the invention by a person of average skill in the art to which it pertains or with which it is most nearly connected, sufficient to enable such person to make and use the invention ;—."

4. *Provisions permitting the owner to file (as an option to filing by the inventor) and permitting the owner to prosecute the application even if the inventor refuses to execute the required oath and assignment or cannot be located.*—These are obviously very worthwhile provisions, particularly when an application must be filed without delay.

5. *Provision authorizing joint applications where each inventor is not necessarily a co-inventor of the invention defined in each claim of the invention.*—This will eliminate many headaches which arise under existing law, e.g., filing multiple applications which are then subject to rejection for double patenting. The sort of problem visualized by this section arises quite frequently in corporate R & D projects.

6. *Publication provisions.*—This is another instance where I think the bill doesn't go far enough. The objective of speedy dissemination of technology requires quicker publication, in my opinion. I don't think that preliminary applications should be published unless the applicant requests it so that his invention will become in effect a patent dedicated to the public, because many of them will be little more than speculation, and also because it seems unfair to the inventor and owner to be compelled to share their advance thinking when they have had no chance to test it out. I do think however, that complete applications should be published not later than 12 months after they are filed. I would change sub-section 123 to read, in lines 5-7 of page 17: "—as practicable after the filing thereof, not later than 12 months thereafter, except that publication—."

7. *Provisions for opposing the issue of published patents by anonymously making patents and other publications known to the Commissioner, and also by making known to him facts relating to prior public use or sale or that the named inventor did not in fact do the inventing.*—These are very commendable changes, and should go a long way toward avoiding the issuing of invalid patents. More work will be required of us, but you can be sure we will fight to prevent our competitors from patenting developments that we know are already old.

8. *Reissued patents, eliminating possibility of obtaining claims of enlarged scope.*—I am lukewarm on this, as I can visualize situations where it would work hardship but on the other hand I believe it to be desirable to eliminate the uncertainty of the present law. Under such law a competitor whose patent one is not utilizing can go back into the Patent Office any time within two years of issue and get his claims broadened to make one an infringer. Thus one can't be sure of what is in any new patent until it is at least two years old.

9. *Change of patent term to 20 years from earliest filing date relied upon.*—This is good as a means of approximately preserving the present 17-year term from date of issue. To make the term and expiration date definite for each individual patent, the Commissioner might consider following a practice of printing the expiration date on the front of each patent.

As an aside, I have frequently wondered why the people working on copyright law revisions think an author or composer should have such a long term as the life of the originator plus fifty years—when by comparison an inventor gets a much shorter term. Surely a novelist or song writer doesn't need all that time to reap a reasonable benefit for putting his brain child into the public domain.

10. *Standby authority in Secretary of Commerce to institute a deferred examination system.*—This may prove to be a desirable means for reducing the Patent Office backlog as many applications filed only for defensive purposes would never get examined. I am glad to see that the bill proposes to publish deferred applications just as non-deferred cases would be published, as this will prevent applicants from pigeon-holing their applications and bringing them forth later to completely surprise their competitors.

As another aside, I wonder why this standby authority would be granted to the Secretary of Commerce rather than the Commissioner of Patents. My own feeling is that the Patent Office should be an independent agency. Does the Secretary of Commerce really contribute anything?

11. *New revocation, claim cancellation, or claim amendment procedure if instituted within 3 years of issue.*—This is probably a good way of eliminating patents that are invalid for one reason or another when no one was aware of reasons for such in validity during the prosecution of the application. It should afford some relief to an apparent infringer who has the threat of an infringement suit hanging over his head when no action is forthcoming from the patent owner.

I wonder why the bill only proposes revocation or cancellation "in view of designated patents or publications. I would add to the quoted words (Sec. 257, line 15 of page 32) :

“—, or in view of the fact that the invention was put into public use or sale prior to the effective filing date, or the fact that the inventor named in the patent did not in fact invent the subject matter of one or more of the claims thereof—.

12. *Pre-issue infringement, under which patent owner could collect damages after 1) his application has been published, 2) claims involved have been indicated to be allowable, and 3) he has given actual notice to the alleged infringer.*—Is this really desirable in view of the apparently very short time before the patent will issue? The one sure result I anticipate from it is an immediate and strenuous effort on the part of the putative infringer to find some basis for opposing the issue of the patent. Perhaps this is a good enough reason, as if he finds an adequate basis there will be one less invalid patent issued, or at least any that does issue will be a better one.

Subsection 273(c) contains a second sentence which says that the only remedy for patent infringement by use or sale of a machine (or other embodiment of an invention) made prior to the issue of the patent is a reasonable royalty, and expressly prohibits injunctive or other relief. As an eminent fellow attorney has pointed out, if the invention covered a paper cup an injunction prohibiting further manufacture of such cups would be in order, but only a reasonable royalty could be obtained if the invention claimed were a machine for making paper cups and it had been fabricated prior to issue of the patent. The wisdom of such a change from our present system of allowing the patentee an injunction regardless of the date of manufacture of the infringing item (except in the rare reissue case) seems questionable to me, especially if the infringer were to gain his knowledge of the invention as a result of a Patent Office publication of the application disclosing it. I would at least alter this sentence to read, in lines 36–40 of page 35 :

“No injunction may be had with respect to the subsequent use or sale of machines, manufacturers or compositions of matter made prior to the earliest publication under this act of the application maturing into the patent in suit and any preceding co-pending applications as to which the patent in suit is a re-issue, division or continuation, and also disclosing the invention embodied in such machine, manufacture or composition of matter, as to which a notice under this section applies, but compensatory damages may be obtained.—.”

One thing that might be said in favor of this provision as thus reworded is that it will prevent wastage of materials and labor, as the innocent infringer will not be compelled to scrap the infringing item, e.g., a costly machine for making paper cups. However, I see no reason why he should not be compelled to pay the same damages that he must pay under our present system,

13. *Provision to permit a trial judge to order claims he has held invalid to be cancelled from the patent.*—This is one provision I would oppose, as it puts too much power in the hands of a person who is, after all, only human.

14. *Abolition of interferences.*—This I wholeheartedly endorse. Interferences make a good bit of profitable work for attorneys, but to business men they are a time-consuming, costly abomination. To me they are also undesirable because they lack the creativity of patent application drafting.

My only concern is in the particular wording of Subsection 102(b), which as I read it says that an applicant is not entitled to a patent if his invention is disclosed in another application filed either earlier than his *or on the same date*. If two conflicting applications happen to be filed on the same day, the proposed law would deny a patent to both applicants, a result which seems manifestly unfair. I admit it might also be undesirable to issue patents to both of them, as this could expose infringers to multiple suits on patents covering the same invention. A compromise might be to issue a single patent jointly to the two applicants. Another would be to require time-of-day as well as date coincidence before both applications are rejected, as the probability of this is extremely small, except when applications are left in an overnight mail deposit.

15. One suggestion I have that is not definitely covered by the act is some means to get published a development or invention which the applicant does not believe to be patentable or simply does not want to patent. At the same time, however, he does not want to run the risk that a competitor will make the same invention and obtain a patent on it, as this could provide a clear threat to his right to manufacture. Under the present law, he feels that he has no alternative but to file an application and get it published by prosecuting it until it is issued.

Under the proposed law it is not too clear that our applicant could obtain the desired publication any more readily than before. There is no provision for pub-

lishing preliminary applications, and his complete application may be finally rejected without ever being published. (If finally rejected in 18-24 months after filing, it would no longer be "pending," as required by Sec. 123.) Also, following the complete application route again forces him to ask for a patent even though he doesn't want one and may have grave doubts about patentability.

I assume in all this that the applicant has no ready means for publication in some form other than a patent or patent substitute, which I believe is very often the case.

I believe there is a way of adding to the bill a simple provision which would accomplish what I have in mind. This would be by adding the following to Section 123:

"(d) A preliminary application may be published at any time upon petition of the applicant therefor and payment of a fee determined by the Commissioner, provided the written description clearly discloses the invention as required by Subsection 111(c) and any drawing required by the Commissioner conforms to the standards established by him under Section 113. Such preliminary application may be used by the applicant as a means of publishing his invention or that which he believes to be new, and he may include an explicit statement that he makes no claim to invention or patentable invention. No preliminary application published under this subsection may include any claims, and the provisions of Chapters 28 and 29 relating to remedies for infringement shall have no application thereto.—"

I strongly recommend this provision or one similar to it because I think it would eliminate thousands of complete applications filed for no other reason than the applicants' fears that a competitor might obtain the same patent and threaten his right to manufacture the invention. This could save a tremendous amount of time on the part of the Examining Corps, enabling them to concentrate the saved time on applications believed to disclose truly patentable inventions. In a nutshell, many "defensive" patents would be eliminated.

16. Another feature that I advocate as desirable in any new act is a means for adding new matter and claims based thereon. The bill as presently worded (Sec. 132) is similar to the present law in including an express provision "No amendment shall introduce new matter into the disclosure of the invention." This prohibition does have the desired effect of preventing the insertion of afterthoughts and new concepts into the application in such a way that the applicant obtains the unfair advantage of getting the benefit of the filing date of the original application for the later-occurring concepts, but in my opinion it puts applicants and examiners to unnecessary work and expense, and has the additional undesirable effects of delaying the issue of patents. In my own experience there have been instances where the inventor and I found it necessary to add additional information to existing applications and were officially informed that we could not do so by amendment because our proposed additions were new matter. We could not file a second application disclosing only the added material and limiting our claims to such material because we would have been rejected on the first application, so the only solution was to file a continuation-in-part in which all of the original material was set forth and the new material as well. In one particular case the parent application was nearly ready to issue about the middle of last year, as all claims submitted had been indicated to be allowable by the examiner. We filed the CIP with all of such claims set forth in the identical language in which they were allowed, plus a few additional claims based on the new disclosure (which was not complex). Despite the fact that we have pressed for prompt action on the CIP application, we have been notified that we cannot expect any action until about June of this year.

In several countries it is a common practice to add new matter to existing applications, so the change I propose is not altogether revolutionary. My remedy is to add the following at the end of Section 132 as presently written, following the words quoted above:

"Unless such new material is clearly designated to indicate the date of filing the amendment submitting it. Any written descriptions thus added shall follow at the end of the specification under the heading "Added by Amendment Filed" followed by the filing date of the amendment, and a similar legend shall be included beneath any drawing figures thus added and preceding any claims based on such new matter. Such added claims shall be entitled to the filing date of the amendment and to no earlier date, and shall have a life coincident with the term of the patent as a whole even though such term commences at an earlier date."

Note that this provision would clearly separate the originally filed material from the later filed, and in this respect would be an improvement over existing CIP practice, wherein old and new can be jumbled together with no separation at all.

17. A necessary improvement in the present system not appropriate for coverage in the proposed law is a better scheme for classifying, storing and retrieving information. I note that President Johnson stressed this in his forwarding letter, and I would stress it even more strongly than he. I think that there is such a dire need in this area as to justify a crash program and a large expenditure of public funds. There is nothing more that I can add, as I have no competence or familiarity with either storing or retrieval techniques. I am just one of the many who can visualize the tremendous time saving possible in feeding a description of an invention into a computer and having it respond with a list of the nearest relevant references in a matter of seconds.

18. *Public use or sale versus experimental use or sale.*—The bill is like the existing statute in saying nothing about the experimental use exception to the public use bar, which as you know is a judge-made doctrine. I wonder if this may not be an appropriate time to codify the doctrine and perhaps give it clearer definition.

My suggestion is the addition of the following at the end of Section 102 as presently worded:

"An applicant shall nevertheless be entitled to a patent even though there has been public use of his invention and even though he has received some income by sale or otherwise as a result of such public use, provided the primary purpose of such use is the experimental testing of the invention to determine whether or not it is technologically feasible or results in an advancement in the art."

19. My final point concerns a recommended improvement in the Patent Office. I feel most strongly that one of the worst defects in our system is the low competence level in the Patent Examining Corps. Most of the Examiners are of low competence because they are young and inexperienced, and are primarily serving as Examiners to acquire the minimum experience (and attend law school) necessary to qualify them for higher-paying jobs in industry and private practice. This does not imply, however, that those who remain and make patent examining a career invariably reach a high level of competence, as many of them are lazy, make indifferent searches, are concerned more with form than substance, and apply outmoded and foolish standards to proposed patent claims. ("One or more shims" is not definite and hence rejected because it does not clearly set forth the invention as required by statute, whereas "a number of shims" is acceptable.) Many such career examiners never see any physical embodiments of the art they deal with in normal use and know no art except that which has been patented—whereas in my opinion such examiner should be the most conversant man in the world in his field of technology.

Part of this difficulty is the traditional use of the Patent Office, by industry and the patent bar, as a source of recruitment for patent attorneys. I feel that it is essential to upset this tradition, and to completely reverse it. I would only appoint as patent examiners those who have already served an apprenticeship and a journeyman period as patent attorneys, so that all patent examiners would be masters, both in the art of prosecuting patent applications and in the field of technology with which they deal in their patent office work. They would be required to maintain a high degree of familiarity with their fields of technology by considerable reading and frequent field trips, and would be paid at a salary level high enough to insure that appointments would be sought after rather than serving as a first stepping stone to a job in industry or private practice. At the same time, of course, the fringe benefits and office appointments of the corps should be changed to give the examining position the dignity appropriate to the higher salary.

In addition, many of the poor results flowing from the Patent Office are obviously due to a high work load per examiner and the consequent pressure on every examiner to dispose of a large number of applications quickly. Even the highly competent examiners turn out indifferent work under such circumstances.

The remedy I propose is to give the Commissioner and/or the Secretary of Commerce the authority to hire as many examiners and supporting personnel as they determine to be necessary in the public interest to accomplish the Commissioner's work according to the objectives or standards visualized in the Report of

the President's Commission, and the authority to pay them salaries and provide working appointments and fringe benefits at levels necessary to encourage them to make patent examining a career. The authority should be broad enough to permit them to hire experienced patent attorneys at salary levels appropriate to the lengths of their experience.

Granting authority such as this is only logical, as it would complement the fee-setting authority granted the Commissioner under Section 41. Probably changes such as these would be inappropriate in Section 3 or any other section of the bill, but I strongly urge such changes as a means of improving the quality of issued patents.

I hope that the above suggestions will be of some small assistance to you in weighing any legislation your subcommittee may formulate and propose to the Senate. Again I apologize for not having sent you my comments and recommendations when you asked for them.

Sincerely,

ROY H. SMITH, JR.

UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS,
Washington, May 25, 1967.

Hon. JAMES O. EASTLAND,
United States Senate,
Washington, D.C.

MY DEAR SENATOR EASTLAND: Chief Judge Worley is convalescing from some recent surgery and has asked me to acknowledge your letter of March 8, 1967. Due to the far reaching changes in the patent law which are proposed in S. 1042, we know the bill will require and will receive the careful consideration of your committee. Since our court will be required to interpret and apply the provisions which Congress may enact, it is our view that it would be injudicious for the court to comment generally on the bill at this time.

However, and as a purely personal observation, it seems to me you may wish to consider with particular care the provisions of Sec. 147 which would seem to raise some problems of judicial administration. This section provides for a review of the decisions of the Court of Customs and Patent Appeals by the United States Court of Appeals, D.C. I am certain all members of our court are in agreement as to the desirability of an appellate review of our decisions. While there has been some question in the past as to whether the Supreme Court would entertain petitions for such review, that question was answered by the decision of the Supreme Court in *Brenner v. Manson*, 383 U.S. 519 (1966). It is now clearly established that the Supreme Court can and will grant petitions for review of Court of Customs and Patent Appeals' decisions in appropriate cases. This, of course, would include inter alia the relatively few instances in which the Court of Customs and Patent Appeals and the Court of Appeals, D.C. may have disagreed as to the interpretation or application of the Patent Act.

SEC. 147 of S. 1042 provides for a new and what seems to me to be an intermediate sort of an appeal from the Court of Customs and Patent Appeals to the Court of Appeals, D.C.

It is my personal view that such an appeal may be an unnecessary and additional procedural step which will be costly both to the Government and to litigate. What is certain is that such an appeal will delay a final determination of the appealed issues. It is my opinion that this delay in reaching a final determination of issues, which necessarily occurs under the provisions of proposed Sec. 147, may negate rather than implement stated objectives 2, 3 and 4 of the Report of the President's Commission on the Patent System.

Wholly apart from this aspect of the matter I foresee the further practical problem of whether the Court of Appeals, D.C., as presently constituted and staffed, can properly be expected to assume the added appeal load which the enactment of proposed Sec. 147 would impose on it. In this connection, the following data may be of assistance to your committee.

The Court of Appeals, D.C., as reported in the United States Patent Quarterly for the 10 year period of 1956-1965, inclusive, has decided 117 appeals in patent cases. Of this total 8 were decisions in patent infringement actions. Thus the reported decisions directly involving Patent Office actions totalled 109 for an average of 10.9 per year. During the same period of time there are

1,053 reported decisions of the Court of Customs and Patent Appeals in appeals involving actions of the Patent Office for an average of 105.3 such appeals per year.

It is impossible to predict the number of appeals to the Court of Appeals, D.C., which might be anticipated if Sec. 147 were to be enacted. This number seems to me to be related to the final determinations which Congress may make on several related issues such as interference proceedings, opposition proceedings, etc. It also seems to me to be related to what Congress may decide as to the status of the members of the Patent Office Board of Appeals. Under the present Act (35 USC 3) you will recall that all regular members of the Board of Appeals are appointed by the President, by and with the advice and consent of the Senate. In tracing the history of Patent Office appeals, in preparation for writing my dissenting opinion in *In re Wiechert*, 54 CCPA 957, 370 F. 2d 927, 152 USPQ 247, it seemed to me that it had been the intent of Congress to provide an independent review of Patent Office decisions within the Patent Office by the Board of Appeals. The provisions of proposed Pars. 3 and 7 of S. 1042 make a significant change in the manner of appointment of the examiners-in-chief who sit on the Board of Appeals. These provisions change the independent status of these examiners-in-chief within the Patent Office.

Currently judging from the rather low percentage of appeals from the decisions of the Board of Appeals, I believe most applicants for patents are willing to accept its decisions as the decisions of an independent reviewing board. Thus I would predict that the percentage of appeals from the Board of Appeals currently is lower than it will be if the status of the examiners-in-chief is changed, as proposed in S. 1042. Certainly anything which causes applicants to feel that the board's members have a less independent status than they now have cannot help but increase the probable appeals. Should this be the case, then the first independent appellate review of Patent Office decisions would be the Court of Customs and Patent Appeals. Undoubtedly such a change would lead to a substantial increase in the percentage of such appeals.

However, even if the proposed changes in S. 1042 should not have this result, I think a reasonable guess would be that under proposed Sec. 147 of S. 1042 perhaps as many as 50% of our decisions would be appealed to the Court of Appeals, D.C., either by the Patent Office or by the applicants. Based on past experience this can mean an addition of at least 50 appeals per year to the current case load of the Court of Appeals, D.C.

Thus, Secs. 3, 7 and 147, as presently proposed, can affect the case loads of both the Court of Customs and Patent Appeals and the Court of Appeals, D.C. This being true, it seems to me they pose a problem which might well be referred to the Judicial Conference of the United States for appropriate study and recommendation.

Yours very truly,

ARTHUR M. SMITH.

STATEMENT OF ROBERT C. WATSON, FORMER COMMISSIONER OF PATENTS

THE PATENT REFORM ACT OF 1967

Some Comments Upon Certain of Its Provisions

S. 1042, for the General Revision of the Patent Laws, and its counterpart H.R. 5924 in the House of Representatives, are intended, judging from expressions in the President's letter of transmittal, to benefit the inventor by enabling him to secure a patent for his invention more promptly and at less cost and also to enforce it at less cost and in shorter time. The public interest is to be served by causing the inventor's novel concepts to be more promptly disclosed to all and by permitting the public to protest against the issuance of patents and to attack patents after issue. International trade is to be facilitated by increased international cooperation in patent matters, particularly by facilitating the patenting of one invention in several countries.

For many years the patent issuing nations of the world have been conscious of the fact that it is in the mutual interests of all to cooperate as fully as possible with each other in matters relating to the issuance of patents for inventions and this tendency is no doubt becoming stronger as speedy air travel brings them into more intimate contact with resulting increase in mutual appreciation of

their many economic problems and objectives. It may be that, some day, after the United Nations organization is really in control, universal patents will be issued, perhaps by a world authority, to be good and valid almost everywhere, an objective which the Presidential Commission in its Recommendation XXXV, supports as an ultimate goal. This Recommendation is, however, qualified by the Commission by the addition of the following sentence, apparently to control for the time being:

"To the extent that harmonization of U.S. practice with prevailing foreign practice can be attained without injury to the quality of the U.S. patent system, such harmonization should be introduced as a first step toward the desired goal."

Elsewhere in its Report, the President's Commission, as in its objective number 5, expressed its concern that no step should be taken which is not consistent with the objectives of the U.S. patent system. No doubt the provisions of S. 1042 and H.R. 5924 have been worded with this same concern in mind, but it may nevertheless be that the views of industry, inventors and patent lawyers may be at variance with those who caused these bills to be introduced and, there being no need for prompt enactment of these bills into law, it is appropriate and highly desirable that expressions of opinion be obtained from all qualified to comment. The remarks which follow are comments upon the general situation and upon certain, but not all, of the specific provisions of the bills.

One recommendation of the President's Commission on the Patent System, identified in its report of November 17, 1966 as number XXVII, has no doubt received the applause of every reader of that report. Under the title "Patent Office Operations" appears this statement:

"Adequate support of the Patent Office is required in order that it properly may perform its mission, now and in the future, irrespective of the nature of the patent examining system utilized. Therefore, it is recommended that:

"The Patent Office should be supported adequately to insure first-class staffing, housing and equipment * * *."

Appropriations of money for the use of the Patent Office have been steadily increased, year by year, for over ten years and yet in its June 30, 1966 Report (Number 1350) the Senate Subcommittee on Patents, Trademarks and Copyrights included the following paragraph:

"The most serious crisis confronting the Patent Office is how to solve the chronic backlog problem and make the most efficient use of its limited resources."

The greatest problem of the Patent Office from the time when full examination of applications was first attempted has been to match production with receipts in such fashion as to minimize pendency while maintaining quality of product. That this is no small problem, there being no control over receipts, must be admitted by all. Maintenance of an expert professional staff of exactly the right size is an impossibility. This difficulty is experienced not only in the United States but also in other patent issuing countries.

One question to be presently resolved is—How far shall we go toward revising our time-proven patent laws because of the recent increase in the backlog and increased time of pendency of patent applications, the first matter mentioned by the President in his letter of transmittal as needing correction? Or shall we keep what we have in general, and see to it that the Patent Office has a first-class staff of sufficient size, adequate housing and the best available equipment?

The 1966 Report of this same Senate Sub-Committee states that the entire patent bar was invited by letter to submit its views concerning the various proposals for the revision of the patent laws and procedures which the Committee had previously obtained from industry, economists and inventors and 300 replies were received. The report includes this paragraph:

"A substantial majority of the patent bar responding to the sub-committee inquiry supported the retention of a full examination system. It was their view that the size of the backlog was an insufficient reason for considering a change in the examination procedure, especially since larger backlogs had existed in the past. This group argued that a reduction in the backlog could be accomplished under the existing procedures by increasing the budget of the Patent Office, hiring more examiners, improving the classification system, providing modern working facilities, and simplifying the present claim practice."

While I favor some of the changes which will be effected if the present bill is enacted into law and am not to be regarded as believing that improvement of our patent law is impossible, I do believe that the majority view stated above is sound and that radical changes in our patent law are not needed at this time. The

same report points out that, while 5,600 letters of inquiry were transmitted by the Sub-Committee only 300 replies were received. This circumstance seems to me to indicate contentment rather than alarm and it seems likely that, had all letters been answered, a "substantial majority" of the entire group would have expressed the same views as those who did transmit their recommendations.

Some observations upon the present state of the backlog problem follow :

1. The number of applications filed each year may reach a peak and thereafter decline. An inspection of the table which appears on page 15 of the 1966 Annual Report of the Commissioner of Patents discloses a declining trend beginning in 1947, when 77,698 applications were received, and ending in 1952 when 60,107 were filed. This can happen again. The "explosion" may subside although these cycles are not predictable—barring severe economic pains.

2. The Commissioner's 1966 Report, page 16, includes a table entitled "Patent Applications Pending on June 30 of Year Indicated" which shows that on June 30, 1962 there were awaiting action by Examiners a total of 100,841 applications and on June 30, 1966 this examiners' backlog had increased to 145,101, an increase of over 44,000 applications.

An inspection of the table on page 31 entitled "End of Year Employment, Fiscal Years 1962-1966" shows that the size of the Patent Professional Group had decreased from 1,259 in 1962 to 1,225 in 1966, an actual loss of 34 persons during the same period. The "Average Number" table on page 30 shows that the average Patent Professional group declined by 7 during this period.

3. During this period also the yearly filings had steadily increased, 84,864 having been filed in 1962 and 93,022 in 1966 and the over-all backlog, which is the total number of applications pending, had increased from 197,397 to 209,254. (Page 15 of the Report)

With increasing receipts and shrinking examining staff what could be expected other than a piling up of applications on the desks of the examiners? Is the backlog "crisis" to be dissipated by changes in the law or by the application of additional muscle to the work in hand, improved classification and improved mechanization?

The numerous reports issued by the Patent Office as well as the many reports issued by the Senate and House Sub-Committees, dealing with the operation of the Patent Office, are of course immediately available to interested parties but one may escape attention. i.e. the report transmitted by the Patent Office to Senator Joseph C. O'Mahoney under date of March 17, 1959. This is a 44 page report from which I will quote one sentence which begins on page 38 and continues over onto page 39. It is as follows :

"From July, 1955 to July, 1957, the increase in staff has resulted in a reduction of average workload per examiner to 83 applications awaiting action at the beginning of the fiscal year 1958, the lowest figure since 1941."

As of now the workload per examiner must be substantially higher. It would seem that the excitement caused by the increase in backlog should abate if the number of examiners were increased. That it will indeed be difficult to enlarge the staff at this particular time is fully appreciated, but it is to be hoped that the present war will come to an end before many months have elapsed and that many qualified young men will be seeking employment.

In Japan, a "first to file" country, the Patent Office staff will probably be materially increased. A communication from Japan entitled "Japan Patent News", dated March 1967, transmits the information that some 650,000 unexamined applications are on file in the Japanese Patent Office and that a Patent Office Planning Committee had been organized for the purpose of discussing measures—to promote the examining systems both in application and trial cases—and that the following items had been proposed for fiscal year 1967.

1. "The number of employees to be increased is 240 including examiners (115), judges (18), assistant staff (20), and the rest to be in charge of clerical matters, arrangement of literary material for examination, and the office machine system."

2. "In view of the difficulty in employing capable technical staff such as examiners, and speciality in the nature of work, *the present pay system of adding an adjusting sum is insufficient and the adoption of a special pay system is proposed.*"

3. "An increase in the volume of materials to be used as examination materials (domestic and foreign books, magazines, official publications, etc.) is one of the key grounds in the delay of examination, and whether or not the materials are fully collected, classified, arranged and properly used gives a vital influence on the quantity of the examination work."

4. *"The effect of electronic computers employed in the Patent Office in the end of 1964 has been gradually increasing. To further promote the operation of the machines, a machine control division will be organized this year and puncher-programmers and others will be increased by 9. The machines will also be replaced with new models of increased capacity."* (Emphasis supplied)

It is also interesting to observe that the number of employees in the United States Patent Office, on a national population basis, is much smaller than the number employed in certain of the European Patent Offices. If we doubled the number of our Patent Office workers, for instance, we would have a staff comparable to those listed below, on a total population basis.

Country	Patent Office employees	Population	Ratio employees to population
Germany.....	1,971	58,900,000	1 to 30,000
Great Britain.....	1,524	54,436,000	1 to 35,700
Sweden.....	522	7,773,000	1 to 15,000
United States.....	2,506	196,842,000	1 to 78,000

It must be said that the proportion of professional workers to clerical workers in the countries mentioned is not known to the writer. Some additional information would no doubt be of interest, including information obtained from other countries.

It is explained in the Commissioner's Report that plans have been made to actually increase the size of the examining corps in the future. It seems logical to suggest that plans for revision of the patent laws be deferred until the additional work force has been increased, trained, and at work. It is believed that if, without any change in the existing law, an applicant could receive, in a reasonable time after filing his application, say eighteen months, a notice of allowance or a final refusal of his application, and could promptly thereafter secure his patent if his application was favorably acted on, there would be no need to adopt any of the changes which have been proposed with the expressed intent of solving our backlog problem and reducing the application pendency period.

There is a notable absence of background information for the use of those who are studying the various aspects of the Patent Reform Bills. Such information should be distributed to those whose interests will be directly affected by changes in the present law and by others who are interested and entitled to comment.

The Presidential Commission, in its letter to the President, said:

"Background material prepared by the staff and the Commission, reflecting more extensively the considerations taken into account in the development of these recommendations, is being completed and will be transmitted as a supplement to the report."

This background material has not yet been made available. No printed statement of this character accompanied the President's letter of transmittal.

Justice Clark of the United States Supreme Court, in a recent public statement made to a bar association group, after having studied the President's Commission Report, said:

"The Patent System is becoming more complex. Still we do not really know how it actually works in implementing its constitutional mandate. Certainly the situation will worsen before it improves. The phenomenal increase in technology, the vigorous and aggressive research and development program of our corporate business structures and the inventive skill and knowledge being developed in all areas of business endeavor—as well as the professions—will result in increased filings, more vigorous prosecution and greater stress on the patent system. An agency cannot objectively review itself and its program. Congress does not have the time to do so. What is needed is a study in depth of the whole patent policy and patent system by an expert private agency such as the Brookings Institute. Let it or some similar group come up with recommendations to the President and the Congress on the problem."

In view of such expressions of opinion as that immediately preceding, and in view of the advice being transmitted by industry and the patent bar, it is reasonable to suggest that the Congress proceed with caution and employ one of the competent research organizations to conduct a thorough study, the George Washington University Patent, Trademark and Copyright Research Institute being an especially well-qualified organization of this character. The major purpose of this Research Institute, which has been functioning effectively since 1954, is

to gather and disseminate knowledge regarding the principles, the facts, and the practical operations of the patent, trademark, and copyright systems of the United States and other countries.

Emphasis is placed in the Commission's Report and in the letter of the President upon the desirability of making the United States Patent Laws compatible with those of other countries. It would indeed be a fortunate circumstance if the patent laws of the various nations were more uniform than they are today so that international patenting would be facilitated and, in the future, when the various nations of the world are more nearly politically and economically "compatible", their patent laws may indeed become quite similar. Efforts in Scandinavia and by the six countries of the Common Market are indications of the trend of the times, especially the current efforts of "BIRPI", and these efforts are not to be discouraged. As a patent which cannot be enforced is of little value except as a publication having a definite date, it is probable that the area covered by the first "world" patent will be limited to those countries which agree that their nationals will honor the decisions of a mutually respected international patent court. If the international patent is to be enforced in each country in accordance with the local concepts of justice and patent law it can hardly be said that an international "patent" exists even though it may have been issued as a result of International cooperation in the search and analysis effort, such as that now being planned. However, mutual cooperation of nations to develop pertinent "prior art" are certainly to be encouraged and it is to be hoped that a practical procedure for accomplishing this objective may become operative in the near future.

Some day, truly international patents may be issued but, at this moment, we should be, it is believed, primarily concerned with problems more closely related to the welfare of our own economy, which is the essence of the message of the President's Commission. As the Commission's Report well states, United States patent practice should at this time be made more compatible with that of other major countries "*wherever consistent with the objectives of the United States patent system*". It has been, and is still, the custom of the various countries of the world which have patent systems to tailor their patent systems to their respective economic needs. At the Lisbon Conference for the revision of the International Convention for the Protection of Industrial Property the representatives of the many member countries did not fail to veto measures which, if incorporated in the treaty, would not have been in their best interests, respectively. It will be a distant day, in all probability, when the best interests, patentwise, of all countries will be found to be identical. Obviously some countries will be forced to change their patent laws if this result is to be realized. The question is—which ones? It is well to encourage a study of the possibilities of the international patent and, in so doing, determine whether it is our law, or the various laws of the other patent issuing countries, which shall undergo the greatest modification in order that this goal may be realized.

It is well known that there are variations, from country to country abroad, in the patent laws under which they respectively reward inventors. Actually it would seem that there is some inclination on the part of certain of the European countries to initiate programs for the specific purpose of catching up with the United States in its technological developments. Attention is directed to two articles appearing recently in the Washington Post, written by Mr. Bernard D. Nossiter of the Washington Post Foreign Service, which articles indicate that the European countries are looking to us as a great leader in technology and are endeavoring to better themselves by adopting our procedures. In his article of February 16, 1967 Mr. Nossiter said:

"Europe is moving on many fronts to catch up with America's supposed lead in technology. The fear of falling hopelessly behind the United States in advanced industries has inspired a barrage of national and even supranational schemes. Most are still on paper. But a few are backed by a firm commitment of resources.

"Everywhere, governments are increasing their outlays for research. Science has become a talismanic word. In Germany, for example, private and public research and development outlays were a mere \$500 million 12 years ago. Last year, they had risen more than five times and by 1970 are expected to be close to \$4 billion."

And in his later article, of March 17, there appears the following statement:

"Common Market officials are about to ask their six member states to adopt a five-point program designed to bridge Europe's technological lag behind the United States.

"A still secret report, whose contents were made available to The Washington Post here, reflects the continent's growing alarm over the the American lead in key industrial sectors that rely on the newer sciences.

"The study concludes that Europe is trailing now and that this constitutes a long-term danger for the Common Market. It urges 'energetic action' to overcome the deficit."

A June 1967 article in Reader's Digest entitled "Is U.S. Technology a Threat to Europe?", which is a condensation of an earlier article which appeared in "Time" magazine, is largely to the same effect.

Finally, to place the present circumstances in proper perspective, it must be said that many of the problems mentioned in the Commission's Report and the President's letter are old problems with which past Administrations have had to deal, from the very beginning up until the present day. An inspection of the reports of the Commissioner of Patents in years gone by will make this clear. In one of them, i.e. the Report of the Commissioner of Patents Charles Mason, rendered to the Speaker of the House of Representatives in the year 1853, 114 years ago, are mentioned difficulties on all fours with those which presently exist. He first reported that the labor of patent examining was consistently increasing, in the following words:

"From these facts it can be understood how the labor of examination is constantly increasing, and how the examinations of applications which once required but one examiner can now be scarcely performed by eighteen."

He mentioned the difficulty caused by the proliferation of reference material: "From the present number and rapid increase of our models, drawings, and books of reference as above shown, it is evident that the only way of preventing the Office from being overwhelmed with its increasing labors, is by systematizing and arranging every thing."

He was particularly anxious to staff the Office with a sufficient number of examiners so that an application could be acted upon within a few days of its receipt:

"Any increase of force will absolutely require increase of room for its accommodation. But for this difficulty a further number would before this time have been detailed on this duty, sufficient to have disposed of the greater portion of the present amount of arrearages, so that an application could have been acted upon within a few days after it was filed. The inability to do this is one of the greatest grievances of which inventors have to complain, and should be soon removed."

And he even went on to discuss certain proposals which were then being made to initiate opposition proceedings and to indicate his final conclusions in the matter:

"To remedy this evil some have proposed that notice of the pendency of applications for patents should be published, and that the Patent afterwards obtained should convey an absolute unquestionable title."

"The least objectionable course on this subject (if any thing is to be done) would seem to be to allow the patent to issue without notice, as at present, and to possess only its present validity; but that the applicant, either in the beginning or at any subsequent time during its lifetime, should be permitted, if he thought proper, to have the notice given; and that the Patent, if afterwards obtained, should not thereafter be capable of being collaterally assailed."

It is interesting to observe that, in so far as our backlog, manpower, long pendency and classification problems are concerned, our "crisis" is generally similar to that which faced the Patent Office 114 years ago; also of interest to know is that a cry for an opposition proceeding was raised at least that long ago. Our problems differ in degree from those of Commissioner Mason, but not in kind except in that we have one which did not concern him, i.e., the problem of developing closer relations with other nations which issue patents, the world having grown considerably smaller since 1853.

Despite this added problem it would appear that the action of the Congress in dealing with the Bill which is now pending before both Houses need not be hastily taken, there being no emergency, that *facts* which have not been supplied by the President's Commission and which should be accumulated should have an important bearing upon the decisions which Congress will be called upon to make, and that the recommendation of Justice Clark was altogether appropriate.

Certain provisions of S 1042 will now be commented upon in the order in which they appear.

Chapter 1—Establishment, Officers, Functions

A number of the sections of Part I are the same as, or quite similar to, sections of earlier laws, are quite appropriate and need no comment. Two, however, do merit careful consideration.

It is believed that those sections of Part I which make reference to the Secretary of Commerce should be revised and that it should be made clear that the Commissioner of Patents is the responsible head of the Patent Office, and not the Secretary of Commerce or any other Cabinet officer. Particularly sub-section (b) of Section 3 should be eliminated—this section having the effect of making the Secretary of Commerce the Commissioner of Patents, even being vested with the right to make decisions in individual cases to the exclusion of the Commissioner.

Prior to the enactment into law of Reorganization Plan #5, in 1950, it had been firmly established that the Secretary of the Interior, to which Department the Patent Office was then attached, could not interfere with the judicial reasoning of the Commissioner of Patents in passing upon patent cases arising in the Patent Office, the Supreme Court in the case, *Butterworth v. Hoe* (112 U.S. 50) having made this clear by saying:

"The conclusion cannot be resisted that, to whatever else supervision and direction on the part of the head of the Department may extend, in respect to matters purely administrative and executive, they do not extend to a review of the action of the Commissioner of Patents in those cases in which, by law, he is appointed to exercise his discretion judicially. It is not consistent with the idea of judicial action that it should be subject to the direction of a superior, in the sense in which that authority is conferred upon the head of an executive department in reference to his subordinates. Such a subjection takes from it the quality of a judicial act. That it was intended that the Commissioner of Patents, in issuing or withholding patents, in reissues, interferences, and extensions, should exercise quasi-judicial functions, is apparent from the nature of the examinations and decisions he is required to make, and the modes provided by law, according to which, exclusively, they may be reviewed."

Reorganization Plan No. 5, when pending before the Congress, was opposed by the entire patent bar. However, because of the hurried manner in which the hearings were held, industry did not have time to bring its weight to bear. It is appropriate to urge at this time that the question of the position of the Patent Office in Government be reconsidered and an opportunity be provided for all interested parties to express their opinions.

The Patent Office has now grown up and is a large and still growing institution manned by experts and capable of independence from domination by any Secretary. The Commissioner of Patents is selected from among the many who understand the manner in which the Patent System functions. With rare exception the Secretary of Commerce knows little, when he assumes his post, of activities in the field of patents and, in general the Committees of Congress have much greater knowledge of its manner of functioning and needs as well as much greater long-term stability. Three different Secretaries served between 1953 and 1961, Assistant Secretary shifts were numerous, and several successively occupied the office of General Counsel. We have just witnessed another such shift in the Secretary's office.

It is therefore strongly recommended that the Congress consider amending Part I of the Bill in such fashion as to provide that the Patent Office shall be an Independent Agency. There are presently 46 Independent Agencies and it will not inconvenience the Congress to deal with one more such agency. In the opinion of the writer a great service which the organized patent bar, and industry, can perform for our patent system at this time is to endeavor to convince the Congress that the Patent Office should become an Independent Agency.

Section 7, it is observed, is so written that, in the future, appointment to the Board of Appeals does not require Presidential action nor confirmation by the Senate. Morale in the Patent Office will be lowered if this change in appointment procedures becomes effective but, if the Presidential tasks and those of Congress must be lightened by such a change, it is hoped that such appointments can be dignified in other ways as these Examiners-in-Chief are in fact very important judges and entitled to great respect. And while on the subject of the Board of Appeals it is appropriate to make reference to a section which appears

in Part II of the bill, that is, Section 145 of Chapter 13 of Part II, entitled "Civil Action", which I believe should be stricken in its entirety.

On page 30 of the printed report of the President's Commission it is explained that an applicant who seeks review of a decision of the Board of Appeals of the Patent Office "may proceed in the United States District Court for the District of Columbia *where he may offer evidence and issues not considered by the Patent Office*". (Emphasis supplied)

The Commission entertained the belief that the right of an applicant to seek relief in this manner, which has long been available, should be continued, although he should also continue to have the right to appeal to the Court of Customs and Patent Appeals.

It is well known that, since the establishment of the Court of Customs and Patent Appeals in 1929, that Court and the District Court of the District of Columbia have differed in several of their legal concepts in decisions rendered in patent cases, to the embarrassment of the Patent Office, which is a circumstance which should not be permitted to continue if it can be avoided. It can be avoided by eliminating the option of the disappointed applicant to take his case to either Court, and by restricting his choice to one Court. As the Court of Customs and Patent Appeals comprises a group of distinguished Judges, all of whom are legally well qualified, and the entire record of the case made by an applicant in the Patent Office is placed before them when appeal is taken, they can be expected to render a more precise and helpful opinion than can a District Court Judge who may not have had any considerable experience in deciding questions which arise in connection with inventions and patents.

Of particular concern is the need to require an applicant for patent to bring before the Patent Office all of the facts and arguments which are available to him and which may bear importantly upon the question of the patentability or non-patentability of his invention. Why should he be allowed to present to any Court material facts which were not presented to the Patent Office in the first instance?

The Supreme Court in one of its most recent decisions involving patent validity, *William T. Graham et al v. John Deere Company*, said:

"While we have focused attention on the appropriate standard to be applied by the courts, it must be remembered that the *primary responsibility for sifting out unpatentable material lies in the Patent Office*." (Emphasis supplied)

Thus, despite the plain advice of the highest judicial authority in the United States to the effect that the Patent Office has a primary responsibility for determining whether or not any concept is patentable, it is often the District Court of the District of Columbia which is, in fact, performing the "sifting out" function and, in its "de novo" operations, evaluating material which was unknown to the Patent Office tribunals who bore the primary responsibility in this area.

The Patent Office Examiner reaches his decisions after having given full consideration to the evidence which the applicant presents and the District Court, in a further proceeding, considers a different or augmented presentation, the difference being brought about by the presentation of additional evidence introduced at the trial, generally by expert witnesses, and which, of course, was never before the Office. It is indeed strange that a situation such as this should exist and it may well be inquired as to whether or not the public interest is served by its continuance. Is it because the Patent Office is not competent to perform the complete sifting operation which, according to the Supreme Court, is its duty? No one has quite suggested this and no one will venture to do so because the Patent Office is very well equipped with experts who are well known to possess the competence to make the necessary decisions.

The personnel of the Office is in fact eminently qualified to evaluate any and all evidence which may possibly be brought forward either as a result of the work of a member of the Patent Office staff or by any applicant who brings information to the Patent Office from exterior sources. Its employees are technically and legally well educated, and are experienced in the evaluation of applications for patent. It is true that the patent laws as they are presently worded do not in so many words authorize or direct any of its employees to conduct proceedings in *ex parte* cases at which witnesses may testify orally under oath. It appears to be altogether probable that the authority of the Patent Office to receive the oral testimony of witnesses under oath, in *ex parte* cases, already exists. Certainly it has always been considered to be entirely proper for an applicant and his attorney to visit an Examiner charged with the duty of acting

upon the applicant's patent application and to there present oral arguments, pertinent facts and affidavits. However, for the purpose of this statement, it is assumed that written authorization not now existing must be enacted into law before Patent Office Examiners may receive formal depositions in the manner that depositions are ordinarily taken under oath in Court, with cross examination privileges.

In any event there should be no problem in re-arranging procedures so that this function may be conveniently carried out within the four walls of the Patent Office and, even if new rules of procedure must be developed, they can be drafted without difficulty. For instance, by making suitable changes in the statutes and the Patent Office rules, it may be made clear that an Examiner who has the responsibility of finally deciding whether or not an invention is patentable or unpatentable, may hear oral testimony under oath from an applicant and other witnesses at a hearing which may be also attended by one or more of his assistants who are familiar with the circumstances. A Solicitor well versed in the law of evidence may be in attendance in the event that the Examiner in charge himself desires to have such assistance.

If it were possible to proceed in this manner all of the evidence thought to be pertinent by the applicant might be presented in timely manner to the Examiner who is best qualified to make the final decision upon the question of patentability and the Board of Appeals, if this Examiner finds the alleged invention to be unpatentable and appeal is taken will have, when the applicant comes before it for oral argument or submits the matter on brief, and when it comes to make its decision, which is the final judgment of the Patent Office, *all* of the relevant facts which bear upon the question of patentability.

The present "de novo" practice places the Patent Office at a disadvantage in that its well justified final decision may thus be overruled by a court which has been influenced by evidence of which the Patent Office has had no knowledge.

The adverse action of the court may be that of one man who has had no technical education or training nor previous knowledge of the art in which the possibly patentable invention of the plaintiff is classified. It seems incongruous that the considered opinion of the Board of Appeals should be upset in this manner, particularly when it be remembered that each member of this Board has heretofore been appointed by the President as one who has, by education, training and long experience demonstrated outstanding fitness for the position to which he has been elevated. Each member of the Board of Appeals of the United States Patent Office is an employee who has risen to appointment to that most important body because he has exhibited for many years outstanding competence in his work of examination of applications for patent and, by the time he reaches the Board of Appeals has acquired vast experience, sometimes in numerous arts, resulting in the development of a mature judgment in matters of this nature.

This is not an argument against the theory that the final decisions of the Board of Appeals shall not be reviewed by a higher tribunal, such as the Court of Customs and Patent Appeals, but is a protest against any system of review of Patent Office decisions which is based upon facts any of which were not given full and ample consideration by the Patent Office examining staff and by its Board of Appeals, from whose decision appeal has been taken. Review of Patent Office decisions by an especially qualified court such as the Court of Customs and Patent Appeals is appropriate, particularly as the rulings of that Court are subject to review by the Supreme Court. It may be that the appellate tribunal, the Court of Customs and Patent Appeals, should be empowered to remand the case to the Patent Office should it become apparent during the presentation of an appellant's case that the appellant has inadvertently failed to present facts which could well be favorable to his case, the Patent Office to have the authority to receive such additional facts and review its own decision in the light of the additional information developed.

Judge Holtzoff, of the District Court of the District of Columbia, in his decision in the case, *Jennings et al vs. Brenner*, rendered June 22, 1966, recommended that a system of remand be adopted. He also stated in this same decision (150 U.S.P.Q. at page 167) :

"The court reaches a different conclusion merely because at this trial *de novo* additional evidence was introduced. It may well be that if the Patent Office had had the benefit of this evidence, it would have likewise allowed the application in the first instance."

In other portions of his decision the Court pointed out that the evidence which had been presented to him, but not to the Patent Office, convinced him that the

advance claimed by the inventor was not "obvious" and "as often happens in these matters" it was the evidence not presented to the Patent Office which was determinative of the question of obviousness.

About 100 petitions by disappointed applicants are filed each year in the local District Court. Many are probably filed for tactical reasons, the applicant having no serious intent to present witnesses and later discontinuing his suit and accepting the final decision of the Patent Office. Quite a number, however, go to trial. In the fiscal year 1966 for instance some 40 cases were tried. In each of these trials the disappointed applicant presented the testimony of witnesses who did not appear before Patent Office tribunals or at least did not testify under oath before Patent Office officials. In the majority of instances the Judge to whom the testimony was presented was not impressed and refused to authorize the Commissioner of Patents to issue a patent to the disappointed applicant. In certain of the suits, however, the decision of the Board of Appeals was reversed and, as Judge Holtzoff said in the *Ex parte Jennings et al v. Brenner*, Commissioner of Patents, case to which reference has previously been made, the evidence, if presented to the Patent Office, would no doubt have resulted in allowance of the application in question. In all probability other Judges have felt the same.

The question is—Shall this system not only be preserved but expanded so that the Patent Office final decisions will be overturned upon newly presented evidence in an increasing number of instances? One can readily understand how, if this becomes the habit of applicants, the morale of the Patent Office examining staff will suffer. Not only will the members of the Board of Appeals consider that their positions are of less dignity and importance but the members of the large group of younger men, who, as career employees look forward to the possibility of becoming members of that tribunal will also suffer in morale. It is urged therefore that those who believe that the Patent Office is competent to sift out unpatentable material, as so aptly stated by the Supreme Court, and that I believe includes all of us, will give consideration to this recommendation that Patent Office practice be modified in such manner that all evidence which any applicant for patent may present must be placed before the examining staff and that appeals be limited to proceedings before the Court of Customs and Patent Appeals upon the record established in the Patent Office.

Attention is directed to pertinent comments included in the published decisions of the local and other Federal Courts.

For some time one experienced and very well known Judge of the District Court of the District of Columbia has been pointing to the need for reform in this area and in his decision on the case *Dow Corning Corporation v. Watson*, Commissioner of Patents (116 U.S.P.Q. 45) on page 46, said, after stating that the Court did not have the benefit of the expertise of the administrative agency:

"Under the circumstances, the Court must decide on this matter on the technical evidence introduced in behalf of the plaintiff, without the benefit of any review of that evidence by Patent Office officials. The responsibility, however, does face the Court."

In his decision rendered June 22, 1966 in the case, *Jennings v. Brenner*, Commissioner of Patents (150 U.S.P.Q. 167), Judge Holtzoff further remarked:

"In reaching this decision the Court desires to emphasize that it is not reversing the action of the Patent Office. If the case were submitted on the record of the Patent Office, as is the procedure in the Court of Customs and Patent Appeals, the Court would be inclined to affirm its ruling. The Court reaches a different conclusion *merely* because at this trial *de novo additional evidence* was introduced. It may well be that if the Patent Office had had the benefit of this evidence, it would have likewise allowed the application in the first instance." (Emphasis supplied)

The National Patent Planning Commission in its 1943 Report said that appellate procedure should be simplified, saying:

"At present, when the Patent Office denies the grant of a patent, the appellant has avenues of recourse to either of two courts. This is at once a complexity and a defect. We are accordingly prompted to renew our suggestion that the United States Court of Customs and Patent Appeals be designated as the sole tribunal having authority to review the decisions of the Patent Office in refusing the issuance of patents."

The specific recommendation of the Commission was as follows:

"The Commission recommends that in *ex parte* cases the jurisdiction of the Court of Customs and Patent Appeals to review the denial by the Patent Office

of an application for patent should be made exclusive, and that the present concurrent jurisdiction of the District Courts should be abolished."

In another resolution the Commission said:

"It further recommends that the jurisdiction of the existing Court of Customs and Patent Appeals be expanded, * * * that provision be made for the court to sit elsewhere than Washington, and that additional judges be temporarily assigned to the Court by the Chief Justice of the United States in such numbers and for such times and at such places as the public interest may require."

That resolution of the Section of Patent, Trademark and Copyright law of the American Bar Association which supports the concept of a nine man Court whose members may not only hear appeals from Patent Office decisions but who can, when requested to do so, function with other judges in the several judicial circuits, is pointed in the same general direction. While we are rewriting the entire patent law, extended attention should be directed to this recommendation.

Chapter 2.—Proceedings in the Patent Office

Sections 21, 22, 23, 24, 25 seem to be quite appropriate.

Chapter 3

Sections 31, 32 and 33 appear to be in order, save for the reference in Section 31 to the Secretary of Commerce.

Chapter 4.—Patent Fees

It will be unwise to grant the Commissioner the right to raise and lower fees. The tendency recently, of course, with the approval of the Congress, has been to increase the cost of filing and prosecuting applications—to the discomfiture of the inventor of small means. Future proposed schedules of fees should be laid before the Congress and those interested should be given the opportunity to protest.

Fees for filing and for prosecuting applications should be much lower than they are at present and, if it is the will of Congress that a certain high cost recovery should be had, the renewal fee system should be imposed. The system of financing the operation of the Patent Offices by the imposition of renewal fees obtains in practically all other patent issuing countries and operates to the complete satisfaction of the nationals of those countries. It should be adopted in the United States. Under that system the Patent Office is supported by payments of patentees whose patented inventions have proven to be profitable and the patents issued for inventions unacceptable to the public are allowed to expire thus simplifying the task of determining the possibility of infringement by studying unexpired patents.

Section 12, which requires the Commissioner of Patents to conduct research, should be enthusiastically supported.

Section 15.—The contemplated Advisory Counsel may, if established, harass the Commissioner of Patents unnecessarily. The Commissioner of Patents usually receives a great many suggestions from patent bar associations, Committees of Congress, patentees, manufacturers and others and can always assemble an advisory group on short notice. It is doubted that there is need for the appointment of a formal Advisory Counsel.

PART II—PATENTABILITY OF INVENTIONS AND GRANT OF PATENTS

This part of the bill has eight chapters of which several are of the utmost importance. Chapter 10 of this part will, if enacted into law as written, bring about radical changes in practice and procedures within the Patent Office and without, and deserves the most careful study.

For reasons why these changes are recommended one must refer to the recent report of the President's Commission on the Patent System. In the letter transmitting the report to the President, there appears the statement, as has been previously pointed out, that background material was to be later supplied.

This background material has not been provided so the public is left to imagine why the changes are recommended except in so far as these reasons are set forth in the report itself. The objectives of the Commission as listed on page 3 of the printed report are most praiseworthy, with the possible exception of No. 5, and even here no one can criticize as long as the condition "wherever consistent with the objectives of the U.S. patent system" is adhered to.

The question is, will the recommendations, if implemented by legislation actually accomplish these objectives?

Chapter 10—Patentability of Inventions

Section 100 "Definitions" and Section 101 "Right to Patent: Inventions patentable" need no comment.

Section 102.—This section requires the invention sought to be patented to be unknown to the public anywhere in the world, when the application for patent is filed. If known to any other before the applicant's filing date, no valid patent may issue. The inventor by his own act of publication or exhibition before filing can defeat his right to a patent. The present law permits an inventor to publicly reduce his invention to practice and place it in use and still obtain a valid patent therefor if he files his application for patent within one year of his first public use. He can also build and sell, or try to sell, his product in order to determine whether or not it is actually a saleable article.

If proposed Section 102 becomes law, the inventor of a bicycle may forfeit his right to a patent by making a test run around his home block before filing an application whereas now he is entitled to make all necessary mechanical tests and even sell a few to determine market value. Secrecy will become the order of the day.

How this change, if implemented, will render more possible the attainment of objectives 1, 2, 3, 4 and 6 of the President's Commission is unclear and, if objective 5 is conservatively construed, this should be included. The Commission in its Report warned that many of the problems related to its objectives are intertwined and its recommendations must all be considered as part of one interrelated and coherent plan. This interrelation is far from evident. Perhaps such a total evaluation may be made, but it is necessary to first consider the probable results of the recommended changes, one by one.

If proposed Section 102 is enacted, it is altogether likely that the number of patent applications filed each year will materially increase, adding to the Patent Office workload and greatly adding to the costs to be met by inventors and industry.

In the United States industry develops new products at an enormous rate. As stated in a report of the Bjorksten Research Laboratories, which appeared in the September 1965 issue of the publication "Drug and Cosmetic Industry", a study of 27,000 consumer and industrial items which were placed on the market in 1964, disclosed that only one in five was found to be profitable. It was not represented that *all* of the new products introduced during that year were studied and there may have been more.

The introductory paragraphs of this report are as follows:

"The thousands of new products which fail each year are costing American industry billions of dollars. Many of these failures can be prevented.

"In the drug and cosmetic industry alone, for example, an estimated 390 new products were marketed last year at a total cost (estimated) of \$58,500,000 for research, development and pilot models or sample materials. Failures accounted for about \$46 million in new-product expenditures in the industry.

"A just-concluded study of new product development, undertaken for Bjorksten Research Laboratories, indicates that in a typical year some 27,000 new products are introduced by American firms in major manufacturing categories alone. According to figures supplied by the U.S. Department of Commerce, at least \$4,065 million was allocated to development of these products, both consumer and industrial, last year.

"But of the 27,000 products only 20 per cent proved successful. This means that the cost of new product failures to American corporations and their stockholders currently is approximately \$3,250 million a year, or very nearly ten million dollars a day.

"A LaSalle Extension University survey indicates that the average minimum cost of bringing a single new product to the point of market introduction is conservatively estimated to be 150,000, a substantial investment. For every \$150,000-plus which results in a winning product, \$600,000 then would be spent on four failures. Companies know and feel their responsibility to get the most for these dollars. What, then, goes wrong?"

Another study, made by a member of the Research Staff of the Patent, Trade-mark and Copyright Research Institute of George Washington University, reported in the 1962 Spring issue of the Institute's Journal, Volume 6, No. 1, page 87, indicates that, of those inventions patented by corporations, about forty percent were market tested before the application for patent therefor was filed in the Patent Office. The writer speculated that possibly 50,000 appli-

cations were *not* filed, per year, because market testing disclosed that the product did not measure up marketwise. Although this was pure speculation who can say with assurance that he was in error? Some further and more extended research on this subject is most certainly desirable.

The report extends over 29 printed pages of the Journal and should be of great interest to those presently attempting to estimate the probable effect of enacting the proposed "first to file" statute. Several paragraphs may, with advantage, be quoted here:

"Our best estimate is that of assigned patents issued in the forties and put into commercial use, about forty per cent were put to use for the first time before an application was filed. About fifty per cent were put to use for the first time while the patent was pending. Only about ten per cent of assigned patented inventions put to commercial use come into such use for the first time after the patent has been issued. There is some suggestion that the tendency for early use is becoming accentuated in most recent years.

"The preapplication use of patented inventions is limited to corporations, and one of its consequences would be a drastic reduction of patent applications filed by corporations. Many potentially patentable inventions will not be patented if their preapplication use proves economically disappointing. This phenomenon alone could account for the marked decline in the number of patents per unit of population. This relationship gives an additional reason why the number of patent applications or patents issued is not a useful index of inventive effort of a nation.

"Without knowing the time when a patented invention is technically ready for commercial use it is not possible to determine precisely the probability of use in the first year of such readiness, and in each subsequent year. Nevertheless, indications are, from Table 6, that the propensity of use is greatest at the very beginning, i.e. as soon as the invention can be made ready for use, and this probability tends to decline progressively and rapidly with the passage of time. This is suggested by column 5, and the corresponding columns 9, 13, and 17 of Table 6.

"If, as our evidence indicates, a large proportion of inventions are put to commercial use before a patent application is filed, it becomes inevitable that many potential patent applications are not being filed for today. Since this phenomenon is restricted to assigned patents owned by corporations, which in 1900 accounted for only seventeen per cent of our patents, while today they account for over seventy per cent, the apparent decline in the number of patent applications could perhaps be accounted for by this single practice which had not been known or suspected until it became apparent by the Foundation's study of Patent Utilization.

"There is no way one could calculate what proportion of patent applications are lost today as a result of this widespread practice by corporations. Nor is there definitive evidence to what extent this practice of preapplication use has become more widespread in recent decades without more extensive studies.

"But in view of the fact that today over seventy per cent of the patents granted are assigned to corporations, and if we assume a comparable proportion of the applications are filed by corporations, one can surmise that well over 50,000 potential applications per year could be lost as a result of the current practice of preapplication use of inventions leading to their abandonment if they become obsolete or prove commercially disappointing. Therefore, the apparent decline in patent application may have no significance whatsoever."

Would it not appear from these findings that those who believe that "New technological advances take far too long before they benefit the public" as President Johnson has written, may not fully appreciate how new products are managed in this country. In any event where are the statistics to establish the validity of their concept?

Would it not appear from these findings that both the public and the Patent Office are spared great expense because of the privilege now existing under the present law of *not* filing applications for patent for inventions which the public rejects?

Under a first to file system, every developer of a new product for the market, who without doubt has spent much money in perfecting it (\$150,000 according to the LaSalle Extension University study) will of course hopefully file a patent application. These applications will be prepared by patent practitioners and not by amateurs, as the President's Committee suggested—because the first application must be an adequate disclosure or the cause is lost. Once the appli-

cation for patent has been filed, also at considerable expense, the owner may be reluctant to abandon it even if the invention claimed has not met with public applause—thinking that some other, or his own, organization later on may produce something acceptable to the public which comes within the scope of the expected patent. And so the workload of the Patent Office may well be increased.

If a mere "preliminary" application is followed by a "complete" application, the Patent Office will have the task of comparing the two to ascertain whether or not the subject matter of the complete can be found in the preliminary. Comparing two such disclosures, may not be easy and in fact much friction and confusion may develop, and substantial loss of time within and without the Patent Office may very well result.

So it would appear that the effect of enacting into law the proposed "first to file" legislation may be to impose on the public, through the developers of new products, a large cost which it does not presently bear, i.e. the cost of preparing and filing applications for inventions which the public refuses to accept, and may well add materially to the cost of operating the Patent Office, not only the cost of handling the increased intake but the added examination time needed to compare preliminary and complete applications if both are filed.

Actually the economy of the United States is quite different, invention and new product wise, from that of any other country. Our economy thrives on new products and, as said in the Bjorksten report previously referred to :

New Products—Economic Lifeline

"The billions of dollars lost on new product 'lemons' every year are doubly lamentable in the light of this economic fact: *Most manufacturers cannot live without new products.*

"The consensus of leading manufacturers is that more than 72 per cent of the nation's growth in sales volume comes from new products, including new brands. (Some estimates range as high as 95 per cent.)

"According to a Harvard University study, business history demonstrates that growth industries have been heavily new product oriented, with those industries spending the most for new product development experiencing the greatest growth.

"To quote the study: 'Long lists could detail the importance of new products, but in business strategy most of these can be grouped under three major headings. New products are: 1. a major contributor to company growth; 2. a primary influence on profit performance; and 3. a key factor in business planning.'

"Within all industries, the report states, most growth companies attribute a large percentage of their sales and profitability to new product lines.

"With so much dependence on the success of new products, it is surprising that manufacturers still have a winner only 20 per cent of the time. It is obvious that industry must call on scientific and technological knowhow increasingly, not only to stop the waste of billions of dollars annually, but—of primary importance—to have winning, profit-making products more often."

This country, which is a great industrial nation, the United States share of the world's Gross National Product being 32.3% of the total,¹ has today a patent system which "has in the past performed well its constitutional mandate" (Commission Report page 2) and given its citizens so very much that most convincing evidence of the need for change should be in hand before change is effected.

The point is made, in President Johnson's letter of transmittal, that if the patent for any invention is given to the person first to file an application in the Patent Office, the present practice of declaring and deciding interferences between rival inventors can be abolished. Many concerned with the welfare of the patent system have heretofore questioned our interference practice which is, of course, necessary if we are to continue to grant patents to the first inventor rather than to the first to file an application.

Careful study made by a Patent Office group, reported in the July 1963 issue of the Journal of the Patent Office Society, Volume XLV, has resulted in the publication of statistics which indicate the extent to which applicants for patent and Patent Office employees are involved in interference contests. For instance, it is made clear that only a small proportion of the total number of applications filed are ever involved in interferences. Thus, in the period of twelve years, 1950-1962, 77,449 applications were filed per year on the average and 687 inter-

¹ Agency for International Development, Department of Commerce.

ferences declared during each of these years, on the average. These figures demonstrate that, during this period, there was less than one chance in one hundred that an applicant would become involved in an interference, a .89% chance to be exact. Presently there are six examiners engaged in resolving the interferences which are now being processed, showing that the burden on the Patent Office is very small. Addition to this group of one or two examiners and a further tightening of procedural rules will result in more expeditious disposal of interference contests so that time spent in interference contests will be minimized. This will be a small price to pay for the privilege of retaining the very important right of an inventor to market test his invention before he goes to the trouble and expense of filing an application for patent—complete or preliminary.

The theory has been advanced that publication of pending patent applications within a certain period of time after filing may, if implemented, uncover technology which might otherwise be long hidden. The too-long pending application has always been a problem but, as pointed out, it is believed that the developer of a new product of presently saleable character will disclose his technical contribution by marketing it as soon as he can do so, to the benefit of the public. By limiting the life of a patent to a period of twenty years from filing, which is recommended, and providing increased staff the problem may resolve itself into a minor one. In any event it would appear that, in general, technological information does reach the public before or shortly after filing application under the present practice and that the "grace period" should be continued.

It is repeated that further research may throw much additional light on this problem of early disclosure of technological advances.

Section 103. "Conditions for patentability; non-obvious subject matter".—It is proposed to amend Section 103 of the present law by the elimination of the phrase "at the time the invention was made" and the substitution of—on or before the effective filing date of the application.

The proposed amendment thus reflects and complements the proposed amendment to Section 102 and, for the same reason, should *not* be adopted.

Section 105.—"Nonprejudicial Disclosure" is appropriate.

Section 106.—"Computer programs not patentable." No comment. Experts in this field of activity should express their views.

Chapter 11—Application for Patent

Sections of this chapter which are not discussed below are believed to be appropriate although the word "complete" should be eliminated where it appears.

Section 111.—Sub-section (a) of this Section, if approved by the Congress, will authorize the owner of an invention, as well as the inventor, to file application for patent and sets forth the manner in which this is to be accomplished. This portion of Section 111 is thought to be directed to the solution of a problem which is frequently faced by those who financially back inventors and will be helpful if enacted into law.

Sub-sections (c) and (d) relate to the filing of "preliminary" applications and, as it is believed that the law should not be amended to permit the filing of applications which do not comply with all of the present statutory requirements, these sub-sections should be eliminated.

Section 115 "Oath of Applicant" should not be supported in that it has been modified in such manner as to authorize one *not* the *first* inventor to sign the oath and has been otherwise revised to harmonize with the concept of "first to file" and is thus defective.

Section 116. Joint Inventors.—This section is intended to solve a problem which sometimes arises in that it purports to ease the processing of a patent application for an invention developed by two or more collaborating inventors and where the circumstances are such that all will not join. Sub-section (b) should be amplified to make it clear that claims directed to a truly joint invention must have been found to be allowable before any claim drawn to an invention which was not jointly made can be retained in the application.

Section 118.—By this Section the Commissioner of Patents is given rather wide authority to issue patents upon applications which are unaccompanied by oaths of inventors. Much depends upon the manner in which the authority is used, but there is a need to provide a procedure which may be followed when an inventor is missing or adverse and some such authority should be granted.

Section 120.—This Section is objectionable in that it refers to two kinds of applications, "preliminary" and "complete." There should not be any provision

in the law authorizing the filing of any application which is not a formal and complete application.

Section 121. Divisional applications.—Sub-section (a) should be revised by the elimination of the word "complete." Paragraph (b) should be revised because of its reference to Section 120.

Section 123. Publication.—Publication should not occur until the prosecution of the application has been completed and the scope of the claims which the Office has determined to be allowable is known. Then there should be publication and the public allowed to protest in writing—with the applicant having the right to file counter statements. Paragraph (a) should be rewritten. Paragraphs (b) and (c) should be eliminated. Publication after allowance will compel the Examining staff to exert its greatest possible expertise as its reputation is at stake, and will give any opposer a precise target. The National Patent Planning Commission in its 1943 report recommended that the public be accorded the opportunity of challenging the validity of a patent in a proceeding begun within six months after its grant. It would be more fitting, however, to publish allowed applications, as applications, and affix the official seal after the opposition period has been successfully passed.

It is in order to provide for an opposition procedure although it may not succeed as anticipated in preventing issuance of many patents for inventions which lack novelty. Unless penalized by the courts for deliberately withholding pertinent and available prior art from the Patent Office for the purpose of asserting it later in court proceedings, attorneys may withhold such evidence for courtroom presentation. Individual inventors will hardly be able to take advantage of this privilege.

Chapter 12—Examination of Application

Sections of this Chapter and subsequent Chapters which are not specifically mentioned are thought to be quite in order although the word "complete" should be removed where it appears.

Section 137. Burden of Persuasion.—This sentence describes the relative relationship of applicant and Examiner as it always has existed, and always will exist.

Chapter 13—Review of Patent Office Decisions

Section 141. Appeal to the Court of Customs and Patent Appeals, Section 142. Notice of Appeal, and Section 143. Proceedings on Appeal, are necessary provisions.

Section 144. Decisions on Appeal.—It is recommended that this Chapter of the bill be amended by striking out the last four lines of Section 144, which refers to Section 257, (Revocation) which Section is also thought to be unwise, and that

Section 145, "Civil Action" should be stricken in its entirety. The reasons which have persuaded me to make this recommendation have been previously set forth in this memorandum.

Section 147. Appeal to the United States Court of Appeals for the District of Columbia.—As it is now firmly established that one whose appeal to the Court of Customs and Patent Appeals has failed may petition the Supreme Court for a writ of certiorari, and may succeed in obtaining one, the appeal to the United States Court of Appeals appears to be wholly unnecessary. The Court of Customs and Patent Appeals, created for the specific purpose of receiving appeals from the Patent Office, is an especially competent court. It may, of course, be enlarged if necessary or desirable, and its jurisdiction extended, as has been suggested.

As it is highly important that the District Court of the District of Columbia be relieved of its "de novo" procedure obligations there will be, after this is accomplished, no resulting differences of view between the District Court and the Court of Customs and Patent Appeals, and therefore the Court of Appeals of the District of Columbia need not be called upon to resolve those differences.

Chapter 14—Issue of Patent

Section 151. Publication and Issue of Patent.—Sub-section (b) should be revised if Section 123 is not to become law. Section 123 should be eliminated in that it calls for publication 18 months after filing instead of after allowance.

Publication after allowance is much to be preferred, as previously explained.

Sub-sections (a), (c) and (d) are quite in order.

Section 154. Contents and Term of Patent.—Sub-section (b) is important and should be retained. While no applicant can precisely control the time of pendency

of his application and in some cases it may be unfair to base the length of life or his patent upon its filing date, the enactment into law of this sub-section may have numerous beneficial results. If not, it may be repealed. The National Planning Commission recommended the enactment of such a law in its 1943 report.

Chapter 15—Plant Patents

Sections 161, 162, 163 and 164.—Inasmuch as the Patent Office accepts the recommendations of the Department of Agriculture as to novelty, it is thought to be feasible to transfer to that Department the right to reward persons who develop new species of plants.

Chapter 16—Designs

Sections 171, 172 and 173.—Persons who develop designs should be rewarded for their efforts. Because designs have been patented for so long a time, and courts have made clear how patents for designs should be evaluated, it is recommended that the Patent Office continue to grant design patents.

Chapter 17—Secrecy of Certain Inventions and Filing Applications in Foreign Countries

Sections 181, 182, 183, 184, 185, 186, 187 and 188 are necessary provisions, but Section 184 should be revised by the elimination of reference to a "complete" application.

Chapter 18.—Deferred Examination

Sections 191, 192, 193 and 194 should be eliminated.

If we are ever to have deferred examination, it should be adopted only after the Congress has given the matter its most careful study. The Secretary of Commerce, whoever he may be, is *not* the man to issue implementing regulations. Hearings should be held and the question of the adoption of the proposal to adopt the radically different system of deferred examination in lieu of that which we have in this country should be most carefully studied.

PART III—PATENTS AND PROTECTION OF PATENT RIGHTS

Chapter 25—Amendment, Correction, and Revocation of Patents

Section 251 should be revised by the elimination of sub-section (c). There is no valid reason why broadened reissues may not be granted. The rights of intervenors should of course be always respected.

Sections 253, 254, 255 and 256 are entirely appropriate.

Section 257. Revocation.—This section should be eliminated.

If adopted, no patentee can feel wholly secure until his patent is at least three years old. This will delay investment of capital and exploitation of the patented invention. It will detract from the value of all patents and encourage the feeling that an inventor should not proceed patentwise—perhaps will encourage secrecy. By opposing an officially allowed patent application within six months of its publication any member of the public may participate in its processing and, thereafter, its validity should be determined in proceedings in the Federal Courts.

It has heretofore been suggested that the ability of Federal Courts to decide patent cases might be improved by—

(1) the adoption of the nine man Court proposal of the American Bar Association Patent Section and/or

(2) permitting a Court having patent litigation before it to refer to the Patent Office, for an advisory opinion, certain technical questions which the Patent Office is competent to answer, and it is believed that these recommendations are worthy of serious study by the Congress at this time.

Chapter 26.—Ownership and Assignment

Section 261, Ownership: assignment, and Section 262, Joint Owners, are quite appropriate.

Chapter 27.—Government Interests in Patents

Section 267.—Time for taking action in Government owned applications. No doubt a very necessary provision.

Chapter 28.—Infringement of Patents

All four sub-sections believed to be important and appropriate provisions.

Chapter 29.—Remedies for Infringement of Patent, and Other Actions

No comment specifically on Sections 281, 282, 283, 284, 285, 287, 288, 292, 293, all of which appear to be quite in order. Sections 286, 289, 290 and 294, no comment at this time.

Section 1256. Court of Customs and Patent Appeals; Certiorari.—This is a very appropriate provision.

Section 1295. Patent Office cases.—Eliminate.

The number of Judges on the Court of Customs and Patent Appeals may be increased to nine, as has been suggested, and they may be authorized to sit with Federal Court judges trying patent cases when requested to do so. This plan is an excellent one and should be adopted (with the trial de novo privilege eliminated).

Section 1257. Civil Commissioners for Patent Cases.—Eliminate.

If the number of judges on the Court of Customs and Patent Appeals be increased and they be authorized to sit with Federal judges elsewhere—the Civil Commissioners will not be needed.

The word “unenforceability” which appears in subsection (b) of Section 282 suggests that greater attention of those interested in the welfare of the Patent System might be directed to the aggressive attitudes of the Antitrust section of the Department of Justice and of the Federal Trade Commission. The Patent Office should be well equipped to advise patentees of their rights in this area.

It is my understanding that there are over two hundred lawyers employed in the Anti-Trust Section of the Department of Justice and several hundred employed by the Federal Trade Commission. It has been suggested, if I remember correctly, that the Patent Office provide patent owners with information with respect to their rights to exploit their patents without running the risk of anti-trust actions based on misuses, etc. and such suggestion has merit and should be seriously considered. The relatively recent questioning of an examiner, authorized by a Federal Court, by attorneys for the Federal Trade Commission, in which he was forced to testify with respect to happenings which took place during the prosecuting of a patent application some eleven years earlier, should warn those interested in the welfare of our patent system that a real threat exists. This should not be allowed to happen again if it is possible to prevent it. Now that the patent law is being reviewed in its entirety a good opportunity to give this problem full consideration is provided.

These comments have been written with the thought in mind that an expression of the views of a conservative may be helpful at a time when there is so much pressure in the opposite direction, and not with the expectation that even all conservatives will agree. My experience as a practitioner has left me with the certain feeling that a strong and efficient Patent Office will minimize litigation based on issued patents. Also that applications for patent filed here which correspond to applications filed abroad under the “first to file” system are not in as satisfactory form, judged by our standards, as those which were prepared initially in this country.

Even if we have the most rigorous examination in our Patent Office, and even if the International Patent Institute under BIRPI'S recent proposal issues an international certificate of patentability, we will still have some patents which will be declared invalid by the courts. There will always be honest differences of opinion, based on identical facts, as to the obviousness or non-obviousness of any certain improvement which is claimed to be an invention. But good unhurried examination, based on all available facts, with full discussion permitted, will decrease the likelihood of the issuance of patents thought by the courts later to cover “obvious” concepts.

Finally, it is again suggested that it is most difficult to understand how the several objectives of S. 1042, mentioned in the President's letter of transmittal, will be realized if the bill is enacted in its present form. To the contrary, it is believed that enactment of the bill without material change will work injury to our economy. Careful, unhurried evaluation is thought to be in order.

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